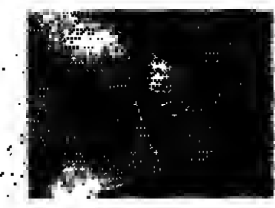
A life of sex, food and fighting
Page I



Reaching for the top spot
Page XIII

Where the harvest is tourists

Vladimir Zhirinovsky
How big a threat to the world?

FINANCIAL TIMES

Europe's Business Newspaper | WEEKEND DECEMBER 18/DECEMBER 19 1993 | D8523A

British Gas set to undergo radical reorganisation

British Gas announced a sweeping corporate reorganisation producing "most fundamental changes in organisation and culture ... for more than 40 years", according to Norman Blacker, director responsible for the UK gas business.

The changes, to be phased in over two years, are intended to prepare UK operations for future competition. They will end the corporation's traditional regional structure and create five business divisions. Page 24; London stocks, Page 15

Former British Rail chairman dies

Sir Robert Reid, left, British Rail chairman from 1983 to 1990, died aged 72, after a lengthy illness. He is credited with modernising BR management, breaking up the traditional hierarchy and splitting BR into five sectors. He put in place many of the building blocks for BR's planned privatisation and break-up in spite of his distaste for the process. Obituary, Page 6

Treasurer to quit: Australian treasurer John Dawkins stunned financial markets and political colleagues with the announcemeot that he was resigning. Page 3

Woolwich, UK's third-largest building society, cut savings rates. Most of the 4m people who save with the society will find the rate cut by 0.41 percentage points. Page 4

Mideast peace process falters: A meeting due in Cairo oext week between Israeli prime minister Yitzhak Rabin and Palestine Liberation Organisation leader Yassir Arafat, is likely to be postponed. Page 3

UK takes more Bosnian refugees: Sixteen seriously injured Bosnians – at least six of them children – are to be treated in UK hospitals after the government agreed their transfer with the United Nations High Commission for Refugees. Serbs to vote as economy crumbles, Page 2

Warning on food discounters: Asda chief executive Archie Norman said Britain's food retailers faced a serious threat from discounters, as he unveiled a 14 per cent jump in first-half operating profits to £105m. Page 10; Lex, Page 24; Londoo stocks, Page 15

Contracts opened up: Government contracts worth hundreds of billions of dollars in EU countries and 11 others, including Japan and the US, are to be opened to international competition for the first timo after talks in Geneva. Page 2

Life terms for 'appalling' murder: Four people were convicted at Manchester Crown Court of the murder of 16-year-old Suzanne Capper, who was doused in petrol and set on fire near Stockport, Cheshire, after being held captive for nearly a week. Jean Powell, 26, her estranged husband Clyn, 29, and Bernadette McNeilly, 24 were sentenced to life terms for what Mr Justice Potts, the trial judge, called "as appalling a murder as it is possible to imagine". Anthony Dudson, 17, was ordered to be detained during her majesty's pleasure.

Tough drink-driving terms urged: Motorists who kill in the most severe drink-driving cases should be given prison terms near the maximum of 10 years, Lord Taylor, lord chief justice, said. He issued the guidelines at a hearing at which seotences oo two drivers who caused death were increased.

Lib Dems face racism split: Liberal Democrats in the London borough of Tower Hamlets may set up a breakaway splinter group after an internal inquiry urged expulsion of three party members. Page 6

Crime crackdown: Measures giving courts powers to lock up children of 10, detain persistent juvenile criminals in secure training centres and end suspects' right to silence were unveiled by home secretary Michael Howard. Page 6

Moores' millions: Sir John Moores, founder of Littlewoods Pools who died in September aged 97, left a UK estate valued at £10m.

Chaplin bowler under the hammer: Charlie Chaplin's bowler hat and cane were sold for £55,000 at Christie's in London by a Swedish businessman to a British collector.

■ STOCK MARKET INDICES		
FT-SE 100:	3,337.1	(+25.9)
Yield	3.53	
FT-SE Eurotrack 100	1,419.34	(+11.78)
FT-A All-Share	1,640.18	(+0.7%)
Nikkei	18,051.91	(+262.63)
New York: lunchtime		
Dow Jones Ind Ave	3,739.28	(+13.14)
S&P Composite	464.92	(+1.58)
■ US LUNCHTIME RATES		
Federal Funds:	2 15/16%	
3-mo Treas Bills: Yld	3.085%	
Long Bond	99 3/32	
Yield	6.291%	
■ LONDON MONEY		
3-mo Interbank	5 7/16%	(same)
Liffe long gilt future:	Dec 120 5/8	(Dec120 9/32)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Feb)	$13.61	(13.78)
■ Gold		
New York Comex	$387.4	(385.9)
London	$388.2	(386.3)

■ STERLING		
New York lunchtime:		
$	1.4895	
London:		
$	1.491	(1.489)
DM	2.5425	(2.545)
FFr	8.69	(8.6925)
SFr	2.1675	(2.1725)
Y	164.25	(163.5)
£ Index	81.6	(same)
■ DOLLAR		
New York lunchtime:		
DM	1.70495	
FFr	5.8255	
SFr	1.456	
Y	110.075	
London:		
DM	1.7045	(1.7085)
FFr	5.8275	(5.8375)
SFr	1.4545	(1.4595)
Y	110.1	(109.75)
$ Index	67.0	(same)
Tokyo close Y 109.84		

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Loyalists may end killings if IRA agrees ceasefire

By Tim Coone in Dublin and David Owen in London

Loyalist gunmen in Northern Ireland yesterday ruled out a unilateral ceasefire but held out the prospect of an end to killings if the IRA laid down its arms.

The Combined Loyalist Military Command (CLMC), in its first response to this week's declaration by the British and Irish prime ministers, made clear the IRA must make the first move. In the absence of any response from the "Provisional murder gangs" it would pursue its "stated policy in retaliation to IRA violence".

The loyalist statement came as Mr Albert Reynolds, the Irish prime minister, fleshed out Dublin's proposal for a peace forum to pave the way for an early entry by Sinn Féin, the IRA's political wing, into dialogue.

Mr Reynolds told the Dail (the Irish parliament) that the forum would initially draw together strands of nationalist opinion in both parts of the island.

Mr Dick Spring, the Irish foreign minister, yesterday held out the prospect of lifting Ireland's broadcasting ban on Sinn Féin, if it accepted the peace initiative.

The ban comes up for its annual review next month. Mr Spring said: "I would like to feel we can arrive at a decision which will further promote and enhance the prospects of an open dialogue, in which everyone who accepts a democratic mandate can take part."

Mr Peter Brooke, UK national heritage secretary, is expected to report to Mr Major on a review of British restrictions on broadcasting direct speech by members of terrorist organisations in the province early next year.

Downing Street officials sought to underline the degree of cross-party backing in Britain for the peace initiative by praising Thursday night's broadcast by Mr John Smith, the Labour leader.

Their comments follow unease on the Tory backbenches over the extent to which they perceive the Downing Street Declaration as diluting the government's commitment to the Union and embracing the nationalist agenda.

A further boost for the peace initiative came when Cardinal Cahal Daly, the all-Ireland primate for the Roman Catholic Church, said the declaration gave paramilitaries on both sides an honourable opportunity to halt their violent campaigns.

As a poll suggested the people of Ulster were divided over whether the initiative was a first step towards peace, the CLMC said it was seeking clarification on certain aspects of the joint declaration. It would make a "considered response" later.

The CLMC – an umbrella group comprising principally the Ulster Freedom Fighters (UFF) and the Ulster Volunteer Force (UVF) – also called for the creation of a unionist forum "to encompass all the loyalist and unionist political parties".

Mr Reynolds said the peace forum would pave the way for wider talks between nationalist and unionist parties together.

Dublin forum, Page 4

Steelmakers angered as EU approves state aid

By Andrew Hill in Brussels and Andrew Baxter in London

Europe's big steelmakers reacted angrily last night when the European Union cleared the way for restructuring its ailing steel industry after more than a year of often bitter wrangling over state subsidies.

Industry ministers unanimously approved a series of state aids for public sector steel producers in eastern Germany, Italy, Spain and Portugal worth nearly Ecu7bn (£5.33bn) and involving more than 5m tonnes of capacity reductions.

The deal is the most far-reaching attempt by the Commission to resolve the deep-seated problems of Europe's steel industry since the restructuring carried out under the Davignon plan of the early 1980s. Without agreement on state subsidies, the entire industry faced sliding into further heavy losses next year.

The European Commission and the Belgian presidency of the EU said it was now up to non-aided steel producers to carry out their side of the bargain and cut production by almost 25m tonnes, easing problems of overcapacity.

But the deal was immediately criticised by these unsubsidised private sector producers, raising the possibility that they will be reluctant to offer their own capacity cuts.

"This is a compromise, driven by political expedience," said British Steel. Mr Ruprecht Vondran, president of the German Steel Federation, called it "pure window dressing for the gullible" and predicted dire consequences for Germany's private steelmakers. The ministers issued a strong political declaration renouncing further state subsidies for the companies involved. Mr Paolo Savona, the Italian industry minister, said: "The importance of today's agreement is exactly that it is a road without a return."

Mr Savona had been accused by the Commission and the Belgian presidency of blocking an overall deal on state subsidies at the November meeting of industry ministers. But the agreement on restructuring Ilva, the state-owned Italian producer, was reached without detailed discussion yesterday.

Mr Tim Sainsbury, British industry minister, also had to abandon UK resistance to the restructuring of Ekostahl, the east German producer. But Britain and Denmark won commitments that Riva, the private Italian company planning to buy Ekostahl, would limit new capacity to 900,000 tonnes over the next five years, and "significantly below 2m tonnes" up to 2004.

Mr Sainsbury also stressed that most of the restructuring packages would involve an element of privatisation which, he said, would lead to "much fairer trading for steel in the Community".

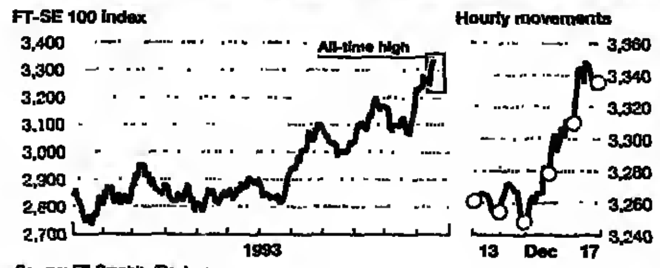
Yesterday's agreement is subject to formal parliamentary scrutiny in Denmark and Britain.

The Commission has already woo agreement from ministers for other elements of its rescue plan: Ecu240m of financial support to ease the pain of more than 50,000 redundancies; monitoring of the steel market; and safeguards to limit cheap imports of steel from central and eastern Europe.

Germans upset, Page 2

Home for Christmas: Soldiers from a US infantry regiment prepare to fly back from Mogadishu airport to their base in Fort Drum, New York. They are the first combat unit to be redeployed after President Bill Clinton ordered US troops out of Somalia by March 31. Picture: AP

Festive cheer: London shares continue second-half surge



Source: FT Graphite/Reuters

UK shares hit new high as economic outlook brightens

Shares in London closed last night at another record high, boosted by hopes of steady economic growth next year with inflation staying weak.

The FT-SE 100 index of leading stocks climbed 25.9 to finish at 3,337.1, for a 76-point rise on the week. Since the day before the Budget on November 30, share prices have gained 7 per cent.

UK government bonds also continued their good run, with prices driven up by low inflationary pressures and expectations of a cut in interest rates early in the new year.

Report and Lex, Page 24
Bonds, Page 12
London stocks, Page 15
Markets, Weekend Page II

Annenberg gives $500m to help troubled US schools

By George Graham in Washington

Teachers labouring in a US school system beset by violence and declining results yesterday received an early Christmas present.

Mr Walter Annenberg, the publishing magnate and philanthropist who served as President Richard Nixon's ambassador to London, announced that he would give $500m (£335m) to help improve the US public education system.

The 85-year-old Mr Annenberg, who has already donated hundreds of millions of dollars to universities and private schools, said he had been deeply troubled by the violence in some schools.

"If this continues it will not only erode the educational system but will destroy our way of life in the United States," he said.

The gift is the largest ever made to the US public education system. It will initially include a $60m grant to the New American Schools Development Corporation, a government-sponsored initiative to promote innovation in education, and $15m for the Education Commission of the States to help local governments reform their school systems.

Mr Annenberg will also give $15m to set up an institute for School Reform at Brown University. The rest of the gift will be channelled through other educational organisations.

President Bill Clinton, who has been pressing for legislation to set national educational standards, said the gift "could not have come at a better time".

Educators have expressed growing concern about the difficulties of teaching in schools whose students routinely carry guns and knives. Many inner city schools have set up metal detectors to screen students.

One recent study showed that 100,000 students bring guns to

Continued on Page 24
French school funds row, Page 2

Six directors of Frankfurt-based conglomerate lose jobs

Metals group chief ousted

By David Waller in Frankfurt

The dazzling career of Mr Heinz Schimmelbusch as chief executive of Metallgesellschaft came to an ignominious end yesterday when he was sacked as head of the Frankfurt-based conglomerate.

Mr Schimmelbusch, a charismatic Austrian businessman, built the company into one of Germany's largest industrial groups. Together with Mr Meinhard Forster, the group's finance director, he was ousted following a meeting of Metallgesellschaft's supervisory board. The meeting was convened to examine the mounting problems of MG Corp, the group's US-based trading subsidiary, which have triggered a liquidity crisis in the company as a whole.

Mr Schimmelbusch and Mr Forster were sacked on the grounds that they had failed to keep the supervisory board informed of developments at MG Corp and may have acted in breach of German corporate law. Four other directors left the management board after reaching agreement with the supervisory board.

Mr Kajo Neukirchen, a former chief executive of the Hoesch steel group, who has a reputation in Germany as a tough restructuring specialist, was appointed as Mr Schimmelbusch's successor with immediate effect. Four further new directors were appointed, three from outside the Metallgesellschaft group.

The forced personnel changes are highly unusual for so large a German company, bearing witness to the gravity of the problems at MG Corp.

Last week Metallgesellschaft was forced to turn to its bankers to negotiate new credit lines after MG Corp was obliged to make large "margin payments" – cash calls – on oil futures contracts taken out in New York. Last

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Austria Sch30; Bahrain Din1.250; Bermuda $1.60; Belgium BFr65; China Fec 13.0; Canada C$1.40; Cyprus C£1.00; Czech Rep CZK45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$18; Hungary Ft165; Iceland IKr215; India Rs40; Indonesia Rp3,500; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr65; Malaysia Rm4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira60; Netherlands Fl3.75; Norway NKr18.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 32,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep KSL45; South Africa R12.00; Spain Pta210; Sri Lanka Rs.100; Sweden SKr15.00; Switzerland SFr3.20; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L6000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

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هكذا من الاصل

Kohl's health plan rejected by Bundesrat

By Judy Dempsey in Berlin

Kohl: reforms were aimed at financing care for the aged

Chancellor Helmut Kohl's efforts to push through reforms aimed at financing care for the aged failed yesterday, when the reforms were rejected by the Bundesrat or upper house.

The reforms, aimed at shifting the burden of old age health care away from local councils on to enterprises, were defeated by the opposition Social Democrats, who form the majority in the Bundesrat. Another joint commission - the third so far - is expected to be set up in January to work out a new proposal.

Mr Friedrich Bohl, head of the Chancellery, said the government was "very disappointed" with the result, and accused the SPD of blocking necessary help for the 2m people dependent on nursing. Full time nursing, which costs about DM5,000 (£1,950) a month, is financed by the municipalities, many of which are running large budget deficits.

Mr Kohl, and Mr Norbert Blum, the labour minister, had pledged to introduce reforms before next year's state and federal elections to win the votes of the elderly.

The reform measures came unstuck after SPD officials representing the Länder, or states, challenged the way in which employees would have to finance the reforms.

The government had intended to seek contributions of 1 per cent a month starting from 1994, and 1.7 per cent after 1996, which would be shared equally by employees and employers.

But employers were sharply critical of the measures, saying they would further reduce Germany's competitiveness by raising wage bills for industry. At the insistence of the Free Democrats, the junior partners in the coalition, a plan was tabled for compensating employers through a cut in official holiday pay by 10 per cent from next year, and 20 per cent in 1996, or through the scrapping of first one day of holiday, and then two, by 1996. However, SPD deputies - and the trade unions - rejected both the compensation arrangements, and the level of employee contributions.

Government contracts to be opened up

By David Dodwell in Geneva

Government contracts worth hundreds of billions of dollars are to be opened to international competition for the first time following agreement on government procurement concluded this week in Geneva in parallel with the Uruguay Round talks on global trade liberalisation.

The agreement, which will cover both national and state-level government contracts, as well as utilities such as water and electricity, will expand tenfold the coverage of contracts open to international bidding, according to staff at the General Agreement on Tariffs and Trade.

Four former Soviet republics - Armenia, Latvia, Moldova and Ukraine - are to negotiate entry to the General Agreement on Tariffs and Trade, bringing to 19 the number of countries in the queue to join the 114-member world trade body, writes Frances Williams in Geneva.

Russia and Belarus are already discussing entry terms, and all the other former Soviet republics except Georgia are now Gatt observers.

The agreement, finalised this week, will apply to the 12 European Union member states, and 11 other countries ranging from Japan, Hong Kong and Korea to the European Free Trade Association countries, Canada and the US. It will come into force at the beginning of 1996.

Under the agreement, foreign suppliers must be given no less favourable treatment in government procurement than national suppliers.

This will involve clear rules on how to tender; no use of technical specifications simply to block outside bidders; clear information on how bidders qualify; proper notice of invitations to tender; providing tender documents to potential suppliers; and full information afterwards on who won a contract and on what terms.

The US and the European Union have been at loggerheads over procurement contracts since early this year. A breakthrough occurred in May, when negotiators agreed to hive off the telecommunications sector from the procurement package. Talks on a separate telecommunications agreement aim to reach a deal by early 1996.

The US has consistently claimed that it is more generous in the government contracts it opens to international bidding. In 1990, it says bidding opportunities worth $16.5bn (£11.3bn) were offered to EU contractors - more than twice the $7.8bn offered by EU governments in the same year.

The EU has replied that new EU procurement rules linked with creation of the European single market have massively increased the contracts open to foreign bidders since 1990. They have complained about US reluctance to include state-level procurement business, much of which is protected by "Buy America" acts, within the scope of the agreement.

They have also fought to include contracts from private-sector companies, such as water and power companies, which operate as effective oligopolies. In many European countries, these are state-owned, and fall under the government procurement accord.

After a long dispute over thresholds above which tenders must be open to international bidding, the agreements sets a floor of SDR 130,000 (£121,000) for central government purchases of goods and services; SDR 200,000 for state or sub-federal bodies; SDR 400,000 for utilities; and SDR 5m for construction contracts.

In response to fears that aggrieved bidders would not be able to challenge an award they regarded as suspect, governments have agreed to put domestic procedures in place to mount challenges, and obtain redress.

Serbs to vote as economy crumbles

Laura Silber on the hardships after three years of war and 19 months of UN sanctions

An aged woman displays her worthless pension cheque while waiting for free food in Belgrade yesterday, two days ahead of parliamentary elections in Serbia. Hyperinflation and high unemployment have pushed many people to the brink of starvation AP

Journalists from Television Serbia are already toasting the victory of Serbia's ruling Socialist party ahead of tomorrow's parliamentary elections, so confident are they of another victory for their sponsors.

Their confidence may be misplaced. All the indications are that the opposition are more popular and have run a better campaign.

Recent opinion polls indicate that opposition parties, notably DEPOS, the opposition coalition led by Mr Vuk Draskovic, the ultranationalist Radicals of Mr Vojislav Seselj, and the centrist Democratic party could pose a challenge to Socialist majority rule.

But, after three years of war and 19 months of sanctions, Serbia has turned into something of a never-never land and the results of opinion polls are rarely borne out by the votes recorded.

"Under normal circumstances, the opposition would be a sure winner, but here nothing is as it seems," said a western diplomat, reflecting on whether the Socialists would, for the third time since the first multiparty elections in 1990, succeed in capturing most of the 250 seats in the Serbian parliament.

As if oblivious to the rapidly deteriorating economy, a monthly inflation rate of 450,000 per cent and an average wage of £1.50, the Socialists' message ahead of the polls has been that President Slobodan Milosevic has achieved Serbia's national goals and that only he can now secure a Greater Serbia.

But, picking through rubbish bins, dispensing with colourful dinar notes too worthless even to bother collecting, the inhabitants of Belgrade appear more concerned with economic than with national salvation.

In the conviction that Serbs have won the war in Croatia and Bosnia, they are preoccupied with how to survive.

The opposition has focused on this preoccupation and pitched its campaign at countering the economic chaos, accusing the government of plunging Serbia's 7.1m voters into drastic impoverishment.

While the Socialists blame the economic situation on the UN sanctions, imposed for Serbia's violent carve-up of Bosnia, the opposition is charging that Serbian leaders have used the sanctions to fatten their own foreign bank accounts.

Pitching for the moral high ground with slogans such as "posteno", Serbo-Croat for honesty, the opposition has run a seasoned campaign.

They have criticised Mr Milosevic for giving criminals free rein over Serbia, by way of reference to Mafia boss, Mr Zeljko Raznatovic, alias Arkan, the paramilitary leader who has formed a satellite party of the Socialists in a bid for the extremist vote.

In the hope of deflecting the Socialists' usual charges of treachery, they have also played the nationalist card.

"Sarajevo, Mostar, Benkovac, Pakrac, that is Serbia," pledged a charismatic Mr Draskovic, referring to cities in Bosnia and Croatia.

But they have been able to do little to counter the Socialists' iron grip of the media.

Nor may they be in a position to counter the Socialists' penchant for electoral manipulation and fraud: the virtually unknown party of the Associated Left, led by the wife of Mr Milosevic, has been accused of being a possible funnel for stolen votes.

And, even if the opinion polls are borne out and the Socialists lose their majority, Mr Milosevic seems unlikely to bow to the results.

He may allow the opposition a few months in which to cope with the economic deluge, before calling new elections, or, if really pressed, he could declare a state of emergency and cement his grip on all institutions in Serbia.

Whatever the result, the election is unlikely to have furthered the cause of democracy in Serbia.

Italian Socialist party splits

By Robert Graham in Rome

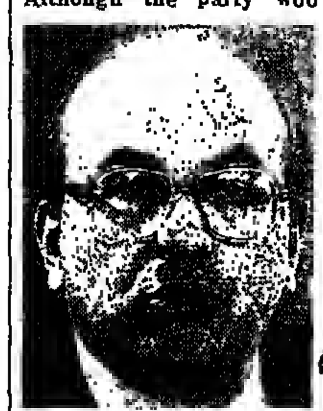
Italy's 100-year-old Socialist party has split, with the majority opting to form a new movement with a different name and symbol.

The majority 58 per cent has backed the leadership of former trades unionist Mr Ottaviano Del Turco, who took over the running of the party in May. He has now been given full powers to call a special meeting on January 15 to establish the new movement.

The minority is made up of faithful supporters of Mr Bettino Craxi, the former party leader who was obliged to step down in February as a result of his involvement in the corruption scandals.

The split followed a stormy meeting held throughout Thursday in a Rome hotel, during which Mr Craxi and Mr Del Turco traded insults. It marks the end of more than three decades in which the Socialists have played a central role in Italian politics; and it is the first time since 1976 that Mr Craxi, once the party's all-powerful boss, has found himself in a minority.

The break-up of the party has been expected for sometime in the wake of the discredit caused by the corruption scandals and the divisions arising from the arrogant behaviour of Mr Craxi. Although the party won almost 14 per cent of the vote in the 1992 general elections, at the latest local elections it mustered less than 2 per cent.



Craxi: quit after involvement in corruption scandals

The Del Turco-led majority is now likely to seek an alliance on the left.

To underline the impact of the coruption scandals on the party's demise, Mr Craxi yesterday appeared in court to give evidence in the trial of Mr Sergio Cusani, who acted as an intermediary for the Socialists in the business world.

He admitted that the entire system had been riddled with corruption and that his and other parties had taken illicit contributions.

However, he refused to give any details of his personal involvement or to admit he had taken any money for his own use, as he has been accused of doing.

Anger at steel subsidy scheme

By Ariane Genillard in Bonn and Judy Dempsey in Berlin

Mr Ruprecht Vondran, president of the German Steel Federation, yesterday sharply denounced the steel subsidy package agreed by European Union industry ministers, as "pure window dressing for the gullibles", and predicted dire consequences for Germany's private steel makers.

The deal, which will allow a series of state aids for public-sector steel producers in east Germany, Italy, Spain and Portugal, worth nearly Ecu7bn (£5.3bn), also sets capacity cuts of over 5m tonnes.

Referring to yesterday as "a black Friday for the private steel industry in Europe", he accused the EU of "once again handing out subsidies to ailing state-owned steel makers at the expense of the taxpayers".

"Capacity cuts will be made on paper only. In return, the Italian and Spanish steel producers will receive billions in subsidies," Mr Vondran said.

Private steelmakers in Germany argue that capacity cuts offered by Spain and Italy do not correspond to current output levels. Moreover, they add, subsidies will give a competitive edge to state-owned steel companies at the expense of the private sector. They warn this will force private steel companies to further cut capacity and lay off tens of thousands of steel workers.

"The politicians, including the German government, must decide if they are willing to have an efficient German industry destroyed by the industrial policies conducted in other European capitals," he said. Mr Vondran also accused Bonn of betraying German private steelmakers by winning approval for subsidies for Ekostahl, the steel plant in eastern Germany.

The Treuhand privatisation agency, which runs Ekostahl, welcomed the decision and said, "It paves the way for restructuring the steel mill."

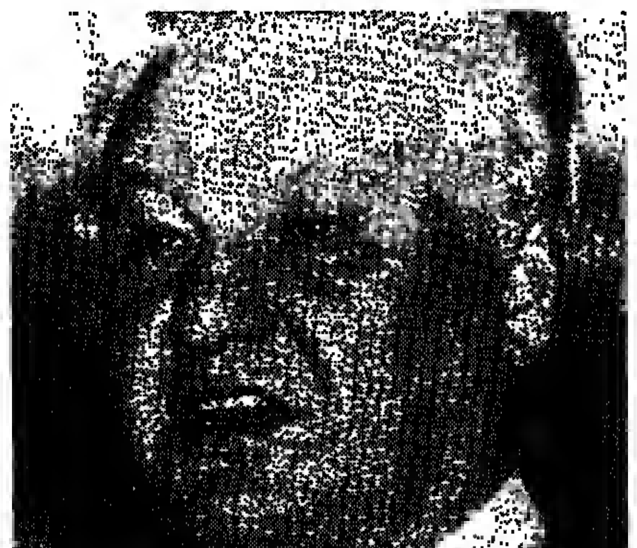
The Treuhand, backed by Mr Günter Rexrodt, Germany's economics minister, had for the past nine months lobbied European Union countries to support subsidies totalling DM1bn (£393m) to modernise the plant in the eastern state of Brandenburg.

Officials at the agency last night insisted that the subsidies would make Ekostahl more competitive, and would not be "indefinite". They added that the agreement was expected to restrict production to 900,000 tonnes of raw steel a year until 1999, when output can then be raised to a maximum of 1.7m tonnes a year.

Officials added that the Brussels decision was likely to speed privatisation of the mill.

Yeltsin in bid to appease opponents

By Leyla Boulton in Moscow



Yeltsin: re-introduced subsidised loans for farm machinery Reuter

Russian President Boris Yeltsin yesterday displayed signs that he plans to opt for compromise with conservatives following the electoral setback for reformists at the hands of ultra-nationalists and communists.

In a gesture to the state-owned-industry and agriculture lobby, he signed a decree re-introducing subsidised loans for producers of agricultural machinery, which, along other with such lending at rates well below inflation, were supposed to have been phased out earlier this year.

In an attempt to pre-empt the crackdown on law and order which will almost certainly be demanded by the new parliament, he issued a decree promising tough new border controls, including the checking of identification papers and of asylum requests.

Close aides to Mr Yeltsin have already advised him to try to beat Mr Vladimir Zhirinovsky, the neo-fascist who wants to be Russia's next president, at his own game, for instance by taking the lead on law and order.

On foreign policy, Mr Andrei Kozyrev, the foreign minister, has said that Baltic republics should help Moscow improve the lot of Russians on their territory to counter support for extremist politicians such as Mr Zhirinovsky, who has promised to defend Russians everywhere.

In an attempt to appear to be dealing with hidden unemployment which has not yet translated into open job losses, Mr Yeltsin also restricted Russian companies' ability to hire labour from former Soviet republics and further afield.

Saying that Russians should have priority access to vacant jobs, the decree said companies must pay the equivalent of the minimum monthly wage for work permits.

Employees without work permits are to be deported.

At the same time, there were some small gifts yesterday for the reformist camp, which is still waiting for the president to express his support for radical reform.

Mr Yeltsin issued a decree saying that the central bank had to obtain the consent of the finance ministry to license banks to conduct operations involving gold.

The ministry is headed by Mr Boris Fyodorov, the radical who wants to unseat the central bank chief.

Also, no doubt with the support of Mr Yeltsin, the government yesterday approved a programme to continue privatisation in 1994, although details were not available.

European plan to cut ethylene capacity fails

By Paul Abrahams

Efforts to restructure Europe's petrochemicals industry were in disarray last night after plans to close as much as 2m tonnes of ethylene capacity collapsed.

The sector is plagued by massive overcapacity of ethylene, the basic building block of plastics, and is losing hundreds of millions of dollars a month.

The plan had involved creating a DM550m (£216m) fund based on a levy of DM30 per tonne of installed ethylene capacity.

Groups wanting to close plants would then have to bid for part of the fund in return for shutting down capacity.

The Association of the Petrochemical Producers in Europe said the plan had collapsed because not enough capacity had been put forward for closure and some of its 31 members were not prepared to put money into the fund.

It said a substantial majority were in favour, but unanimity could not be reached.

Mr Jean-Marie Devos, secretary general of Cefic, the European chemical industry's trade association, said: "We would have gone ahead in spite of some companies refusing if there had been bids to shut substantial amounts of capacity."

An APPE survey asked ethylene producers how much they wanted to close permanently through the fund.

"The survey indicated we couldn't reach even the minimum threshold," said Mr Devos. This is thought to have been 1.5m tonnes.

Operations that may have been available for closure include BP Chemicals' plant at Baglan Bay, BASF's 160,000-tonne-a-year plant at Ludwigshafen, a complex at Luena in eastern Germany, and two Enichem plants at Gela and Porto Torres.

The APPE said that it would be continuing to develop other proposals to restructure the industry, which employs 600,000 people directly.

BP Chemicals, the driving force behind the plan, said it was surprised and disappointed by the decision not to proceed with restructuring: "We regret a major opportunity to restore structural competitiveness to the European petrochemical industry has not been seized at this stage."

The company added that producers should take individual measures and that it was launching a detailed review of its own operations.

EU and US agree oilseeds deal

European Union farm ministers yesterday hammered out a deal on implementing an oilseeds accord with the US in an all-night session at the end of a five-day meeting, Reuter reports from Brussels. The oilseeds pact was part of a wider deal to cut farm subsidies struck in Washington more than a year ago. It restricts EU production of sunflowers, rapeseed and soyabeans.

French economy picking up

The French economy will grow by 0.2 per cent in the first three months of 1994 and by 0.4 per cent in the second quarter, Insee, the government statistics agency forecast yesterday, David Buchan reports from Paris. This is a slight increase from the 0.1 per cent expansion that Insee forecasts for the current quarter.

German potash merger approved

More than DM800m (£317m) will be invested in eastern Germany's potash industry after the EU approved a merger with a western German company, Kali & Salz, a subsidiary of BASF, writes Judy Dempsey from Berlin.

VW renews Skoda pledge

The Czech government and Volkswagen, the German vehicles group, yesterday partially resolved their dispute over VW's investment plans for its joint venture with Skoda, writes Patrick Blum from Vienna. Officials said VW reaffirmed that it would raise its stake in Skoda from 31 per cent to 70 per cent by the end of 1995 as planned, but investment would be reduced to DM3.7bn.

Ukraine tries economic plan No.8

Ukrainian MPs yesterday approved the government's latest economic plan, the eighth in two years, aimed at bringing the economy under control and cutting 70 per cent a month inflation, writes Jill Barshay in Kiev.

French education finance row flares

By David Buchan in Paris

The first open row between Socialist President François Mitterrand and the conservative Balladur government erupted yesterday over the latter's move to scrap a 143-year-old restriction on public financing of private schools.

On a visit to south-west France, Mr Mitterrand told a delegation of teachers and parents from the state school system that he was "surprised and shocked" at the "precipitation" of the government in getting the Senate, at 5am on Wednesday, to change an 1850 law on school finance.

The new bill would scrap the limitation on private, mainly Catholic, schools which up to now have only been able to draw 10 per cent of their funding from local public authorities. The government claimed it had to act quickly on recent reports that half the country's private schools were unsafe and needed money for urgent repairs.

Left-wing political parties and the teachers' unions have objected that the move will drain money from the state school system. The Socialist and Communist parties have said they will appeal to the country's constitutional court, and the president indicated yesterday he would await that judgment before considering whether to throw the school finance law back to parliament for further debate, as he can under the constitution.

Many French schools were empty yesterday, as half the country's teachers walked out and several thousand demonstrated in Paris. Another day of protest has been set for January 16, and Mr Michel Rocard, the Socialist party leader, called for supporters of state education to turn out then in the same massive numbers as private school backers had done in 1984 in protest at Socialist education policy.

The 77-year-old president said that in his 35 years of parliamentary experience he had never seen a similarly "rushed" piece of legislation.

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Islamic party sets terms for Algeria talks

By Francis Ghilès

The banned Algerian Islamic Salvation Front (FIS) yesterday set out its conditions for opening talks with the government in an attempt to end the civil conflict which has cost more than 3,000 lives in two years.

The offer, which could open the way to direct negotiations, came a week after General Mohamed Touati, one of the country's most respected military leaders, said on state television thet the government would consider "talking to leaders of the FIS who show respect for the law of the land".

The FIS was banned after appearing to be on the verge of winning parliamentary elections in January 1992.

Mr Rabah Khebir, the FIS spokesman who took refuge in Germany last year, said at a press conference in Bonn that his party insisted on five conditions being met before it would agree to talk to the government.

These were: the freeing of all political prisoners; the repeal of laws passed under emergency rule; the establishment of a "free and independent" committee to include the main political; religious and judicial forces in Algeria; the bringing to trial of those "responsible for recent bloody and murderous acts"; and any talks would have to take place in a neutral country to be chosen by both sides, he said.

Mr Khebir condemned the murder of 12 Croats on Tuesday near Algiers and said that the FIS "was not behind such calls for murder". He added: "The Algerian people and the FIS have nothing against foreigners, who are welcome in Algeria if they want to co-operate with the people." He also warned that a lot of what was happening in Algeria was outside the control of FIS and could lead to revolution.

Responsibility for the 23 murders of foreigners over the past three months has been claimed by two other radical Islamic factions, the Groupe Islamique Arme and the Takfir wal Hijra.

General Touati, whose televised statement may have provoked the FIS offer, is a member of the eight-man National Committee for Dialogue, an organisation set up in the autumn with the aim of bringing all parties to the negotiating table.

Secret contacts have recently taken place between members of the committee and FIS representatives. Bnt General Touati's offer was tha first acknowledgement by a senior military commander that the outlawed FIS represents a political constituency which cannot be ignored.

Other parties, such as the moderate Islamic Hamas, the lay Front des Forces Socialistes and the former ruling Front de Liberation National party, have been urging the military to extend a hand to FIS. They argue thet it is the only way for Algeria to avoid a slide into civil war.

● Armed police yesterday rounded up dozens of men after mass Moslem prayers at two Algiers moaques frequented hy fundamentalists, witnesses said.

NEWS IN BRIEF

GM to pay back pick-up owners

A federal judge in Philadelphia has approved a legal settlement involving six million pick-ups made by General Motors between 1973 and 1987, AP-DJ reports from Detroit. The settlement requires GM to give $1,000 coupons to owners of GM pick-ups with side-mounted fuel tanks. The coupons can only be used to buy GM trucks, most of which have profit margins greater than $1,000. Analysts say the settlement will increase GM's profits.

Safety critics intend to appeal against the settlement, which covers 49 states. In Texas, a separate settlement was reached.

The settlements in Texas and in Philadelphia end more than 20 separate suits seeking compensation for owners of GM pick-ups with side-mounted tanks. The federal government says the pick-ups are more likely than comparable vehicles to erupt in flames when hit from the side.

Banks agree Brazilian debt plan

Banks holding 96 per cent of Brazil's $52bn debt have agreed to a debt restructuring plan, reaching the 95 per cent critical mass at which the deal can go ahead, Mr William Rhodes, vice-chairman of Citibank, said, George Graham reports from Washington.

Brazil still needs the approval of the International Monetary Fund for its economic restructuring programme, but Mr Rhodes said he believed this could be achieved in the next 90 days, allowing the debt restructuring plan to go into effect on April 15.

US tries again on Haiti

A military delegation will next week make another attempt to persuade Haiti's army and police leaders to accept the return of a United Nations mission paving the way for a return to democracy, writes George Graham. The delegation is being sent by the US, France, Canada and Venezuela, the "four friends" who have taken the lead in the international community's response to the Haitian crisis.

Although Clinton administration officials yesterday firmly denied newspaper reports that the US was on the point of abandoning efforts to restore ousted President Jean-Bertrand Aristide to office, they acknowledge that, after the collapse of acting prime minister Robert Malval's attempt to call a new political conference, they have few ideas on how to speed the process, other than waiting for the oil embargo against Haiti to bite.

Argentine forces quell riot city

Argentine government security forces yesterday retook control of the north-western city of Santiago del Estero, where rioters on Thursday burned down public buildings, ransacked the homes of local politicians and looted shops, writes John Barham in Buenos Aires.

In the worst rioting Argentina has seen since hyperinflation gripped the country in 1989, about 5,000 public employees took to the streets in protest at unpaid wages and plans to eliminate government jobs.

Officials said six were killed, 120 treated in hospital and 170 arrested.

President Carlos Menem returned yesterday to Buenos Aires, cutting short a visit to the Vatican. Congress voted to dissolve the provincial government and authorised the federal government to appoint an administrator to run the province for five months. The government sent the province $60m to pay wages.

Like nearly all Argentina's 23 provinces, Santiago del Estero's public sector is the largest employer and relies heavily on federal transfers for its spending.

Dawkins' announcement greeted with surprise in political and financial circles

BOWING OUT: Paul Keating addresses parliament yesterday after the announcement by John Dawkins (left) stunned MPs AP

Australia's treasurer quits unexpectedly

By Nikki Tait in Sydney

Mr John Dnwkins, the Australian treasurer, yesterday astonished both the political world and financial markets by saying he was resigning.

Mr Dawkins' announcement in the House of Representatives at the close of the year's parliamentary sittings had not been foreshadowed by any immediate controversy. Only hours beforehand, be had been detailing next year's budget process to parliament.

The treasurer's position had appeared shaky during the late summer, wben the Keating government's budget was stalled for two months in the senate by minor parties who hold the balance of power there. But Mr Dawkins – once one of the closest political associates of Mr Paul Keating, the prime minister – weathered this storm, and recently won support from both the cabinet and the minor parties for a revised budget process.

By hringing the budget date forward to May, and seeking to have bills passed by end-June, the government hoped to avoid similar debacles in the future.

The 46-year-old treasurer said yesterday he was resigning at a time of his own choosing. "It's a time which I think... is the right time for me... to pursue other interests – what, I don't know."

Mr Dawkins added that be had informed Mr Keating of his desire to move to the back benches "as a step to leaving parliament at some time between now and the next election". He holds the Fremantle seat in Western Australia.

The prime minster's office said the successor would not be announced until next year, and Mr Dawkins would continue as treasurer until then. Mr Keating, addressing parliament shortly after Mr Dawkins' announcement, added: "I will miss him and I will miss him very much from cabinet."

Mr Dawkins has been in parliament for 20 years and was one of Mr Keating's staunchest supporters during the Labor party leadership battle in 1991. However, the relationship between the two men is thought to have been affected by Mr Dawkins' poor handling of the summer's budget crisis.

At the height of those troubles, Mr Dawkins incautiously remarked: "Wbenever it becomes necessary for me to leave Fremantle [where his family lives], get on a plane and come to Canberra, the prospect of political retirement does well in my mind." This led to a frenzy of resignation gossip, although the possibility was denied at the time.

Nevertheless, suspicions that Mr Dawkins lacked tbe inclination and political adroitness to deal with the difficult senate lingered. It was noted then, for example, that he had bought land in South Australia, possibly with a view to establishing a winery, and that he and his wife were expecting their first child, who was subsequently born in late October.

Mr Dawkins, who holds an economics degree from the University of West Australia and was trade minister during the mid-1980s, has been a fervent believer in Australia's need to develop a more export-oriented economy. He has come under fire recently from unions and the Labor party caucus for putting more emphasis on the budget deficit than on social issues such as unemployment.

Yesterday, news of his resignation sent the Australian dollar down from about US$0.6745 ahead of the announcement to about US$0.67, although some dealers suggested that this was a knee-jerk reaction, and that the currency could stabilise if investors concluded that tbe reasons for Mr Dawkins' departure were largely personal.

Speculation over Mr Dawkins' replacement began immediately. Front-runners include Mr Ralph Willis, the finance minister who held the treasurer's job briefly under Mr Bob Hawke's administration; Mr George Gear, the assistant treasurer; Mr Bob McMullan, the arts and administrative services minister; and Mr Laurie Brereton, who is industrial relations minister and a close colleague of Mr Keating.

Toshiba penalised for breach of Cocom rules

By Robert Thomson in Tokyo

Toahiba, the Japanese electronics company, has been harred by the Japanese government from exporting semicondnctors to 27 present and former communist nations for one month after admitting that it violated the regulations of the *Co-ordinating Committee for* Multilateral Export Controls.

The case arose after documents from the former East Germany were uncovered by the Japanese media, forcing the Ministry of International Trade and Industry to investigate Toshiba's alleged exports of leading-edge semiconductor equipment from December 1986 to February 1987.

Miti officials said Toshiba exported masks and 150 silicon wafera to East Germany, as well as providing documents detailing the production of advanced memory chips. The case is embarrassing for the Japanese government, which claimed that it maintained tight controls over exports of strategic technologies.

However, Miti's punishment is relatively lenient, as the 27 countries include Mongolia, Vietnam and North Korea, none of which is a leading importer of Japanese semiconductor products. China is the only significant market temporarily closed to Toshiba.

Miti officials also reprimanded Mitsui, the trading bouse, which was involved in collecting payments for the deal. As is customary in sucb cases, Mitsui said its employees had acted without authorisation, and that two officials had been reprimanded.

The Japanese government has imposed penalties in 10 cases of Cocom violations, and Miti said the export ban imposed on Toshiba was thought appropriate because the statute of limitations had expired for a criminal action against the company. Toshiba estimates that its semiconductor exports to the 27 countries in an average month total Y1.6bn (£10m). Total exports of chips this year will be around Y280bn.

Bentsen seeks to fend off rate rise

By Michael Prowse in Washington

Mr Lloyd Bentsen, the US treasury secretary, yesterday said there was no need for the Federal Reserve to raise interest rates because inflationary pressures were under control.

He spoke as figures from the Commerce Department confirmed a strong recovery in US house building.

Housing starts rose 3.9 per cent in November to a seasonally adjusted annual rate of 1.43m, the highest level in nearly four years.

Building permits – a guide to future construction trends – also rose sharply last month, suggesting the housing market will remain buoyant.

The figures for starts are the latest in a series of robust economic statistics pointing to an acceleration of economic growth to an annual rate of about 4.5 per cent this quarter.

The faster growth has prompted calls for tighter monetary policy to prevent inflation creeping higher next year.

Mr Bentsen said slack labour markets and excess industrial capacity had created a favourable inflation outlook. Earlier this week President Bill Clinton told the Fed it would be a "mistake" to raise rates.

Many economists believe the pace of economic growth will decline to about 3 per cent early next year because consumer speeding has run ahead of personal incomes.

Tokyo comes to the aid of over-the-hill 40-year-olds

By Robert Thomson

The Japanese government plans to increase substantially its wage subsidies for middle-aged employees, who are the target of most companies' attempts to reduce costs by cutting jobs.

Labour Ministry officials hope to safeguard as many as 1m jobs under the scheme, under which the government will provide subsidies for the wages of employees transferred to lower-paid positions and provide incentives for companies willing to take on workers 45 years or older.

Japanese companies traditionally transfer older employees to affiliates or subsidiaries during an economic downturn, but cases are on the rise of group companies refusing to accept these employees, claiming that they, too, need to reduce labour costs.

The trend is a challenge to the traditional system of lifetime employment among leading companies, and the government fears that an increase in the unemployment rate, now 2.7 per cent, would further undermine consumer confidence, wbich is already shaky.

To support the labour market, the ministry is expecting to spend Y326bn (£2.05bn) or three times the amount spent during the downturn in the mid-1980s.

The final figure will however be decided by the Finance Ministry during negotiations for the budget for the year beginning in April.

The government will subsidise a quarter of the wages of older workers at larger companies and a third of the wages at smaller companies, and lower the age limit for the subsidies from 55 years to 45 years.

Senegal in 'debt for children' swap

By Leslia Crawford

A Dutch aid organisation has bought $24m of Senegalese foreign debt and converted it into projects for women and children in the west African nation.

The Netherlands Unicef Committee cancelled Senegal's entire bilateral debt with Argentina in a buy-back operation managed by Internationale Nederlanden Bank NV (ING Bank).

In return, the government of Senegal bas agreed to invest $11m (£7.3m) in Unicef projects ranging from cbild immunisation programmes to the edncation of street children in Dakar.

The debt-for-children swap was first proposed by President Abdou Diouf of Senegal in 1990.

Since then, debt conversions have benefited children in Madagascar, Jamaica and the Philippines.

"The debt conversion has reduced Senegal's overall debt burden while releasing extra resources for tbe country's women and children," said Mr Samir Sobhi at Unicef's office in Dakar.

Palestinian peace negotiations falter again

By David Horovitz in Jerusalem and David Buchan in Paris

The planned meeting in Cairo next week between Israel's prime minister, Mr Yitzhak Rabin, and the Palestine Liberation Organisation chairman, Mr Yassir Arafat, intended to resuscitate the deadlocked Israeli-PLO negotiations, is almost certain to be postponed to January 6 or later, Israeli officials said yesterday.

The Cairo meeting, tentatively scheduled for December 22 or 23, was agreed on by tha two leaders as a laat resort after talks last Sunday failed to resolve differences holding up the start of Palestinian self-rule in the Gaza Strip and the Jericho area of the West Bank.

Originally, Israeli troops were to begin pulling out of the Gaza and Jericho areas last Monday. And although both Mr Arafat and Mr Rabin said after their abortive meeting that a delay of 10 days in finalising the precise details of an Israeli-PLO autonomy agreement would not be too damaging, another delay could only weaken the diminishing support on both sides for the peace process.

In the past 24 hours, several Israeli officials involved in the negotiations have given off-the-record briefings indicating that central issues still remain to be resolved, and that the start of the troop withdrawal may have to be put off for several weeks.

One senior military figure, quoted in the Ha'aretz newspaper yesterday, said there was no chance of wrapping up the final autonomy deal within 10 days or even 20. And the longer the signing was pnt off, he added, the harder it would be for Israel to honour the next scheduled autonomy deadline – completing the military pullout by April 13.

Israeli and PLO officials are continuing to bold private contacts in an effort to agree the size of the Jericho autonomous area, and to resolve the issue of border controls. Mr Arafat bas been insisting that the crossing points from Gaza into Egypt and from the Jericho region into Jordan be managed exclusively by Palestinians. Mr Rabin rejects this as prejudicial to Israeli security.

Meanwhile, an opinion poll publisbed yesterday by the Ceotre for Palestinian Research showed a marked decline in support for the autonomy programme among Palestinians, with 41.5 per cent backing the accords, compared to 64.9 per cent three months ago. A survey among Israelis, published by the Ma'ariv daily, showed 54 per cent believe a final autonomy deal will eventually be reached.

● Foreign governments have pledged $570m in aid to the Palestinians next year, but insisted tbst any use of this to meet start-up costs of the fledgling Palestinian administration must be properly monitored, the World Bank said yesterday.

At tbe first meeting in Paris of the World Bank's consultative group for the West Bank and Gaza Strip, Mr Abu Ala'a (Ahmed Qurie) pressed donors to allow some of their aid to be used to fund current costs of tbe Palestine Economic Council for Reconstruction and Development, which he chairs, and other new Palestinian institutions, as well as capital investment in aid projects.

The World Bank backed his argument, with its vice president for the Middle East, Mr Caio Hoch-Weser, asking donors to be "flexible" in the difficult start-up phase of Palestinian self-government. Ha said: "We are assuming that all tax receipts, direct and indirect, in the territories will be transferred to the Palestinians." But initially the latter might have difficulty without foreign aid in covering salary costs.

Mr Abu Ala'a said it was as much in the Palestinian self-interest as in the interest of foreign donors that there should be "transparency" in the spending of international aid. However, he seemed to define recurrent costs more broadly than the Bank and donors to include "social costs, such as the rehabilitation of prisoners".

The European Union, which together with national donations from its 12 states is the biggest contributor to the $2bn (£1.3bn) fund for the Palestinians, had promised to meet some administrative running costs, Mr Hoch-Weser said. He was confident that other donors would do tbe same. international auditors would be brought in to monitor the aid.

Mr Abu Ala'a, who earlier held talks with Mr Shimon Peres, the Israeli foreign minister, in Paris, acknowledged that the delay in reaching full agreement on implementing the Septemher peace accord would have "a real impact" on economic development plans.

Nissan offered deal in sports stadium row

By Chris Tighe

Sunderland Football Club has challenged Nissan to drop opposition to its plans for a £70m sports, entertainment and conference centre on land near the company's £900m car plant.

In a sharply worded letter to Mr Ian Gibson, managing director of Nissan Motor Manufacturing (UK), Sunderland AFC offers Nissan:

- A seat on the club board.
- The opportunity to buy a "substantial" shareholding in the club.
- The chance to become co-promoter of the leisure complex.
- All additional roads "reasonably" required by the company to be incorporated into the scheme at no cost.
- Moving the site for the leisure development slightly to the west – on condition Nissan makes a public commitment to expand on to the site previously earmarked by the club within a guaranteed period, buys the 120-acre site freehold and makes up any funding shortfall arising from the scheme's move.

The football club board also offers "to visit Japan" to achieve a satisfactory conclusion.

Nissan is opposing the plan because it fears traffic congestion from the 40,000-seat stadium, 12,000-seat indoor arena and 11,000-space car park would jeopardise just-in-time component deliveries to its plant, wrecking production schedules.

It has also argued that the choice of site would block its expansion prospects.

The club's letter claims to reconfirm its "aim of accommodation and compromise" and insists it never wanted confrontation. But it also warns: "Unless Nissan feel they can single-handedly drive the regeneration of the region by themselves, they must accommodate the ambitions and aspirations of others within the north-east who wish to drive the region forward on both a national and European basis."

The club says it has received many letters from people who fail to understand Nissan's objections. "People consider that your actions have put at risk the enormous number of permanent new jobs, linked to the vast investment the Regional Centre would bring to the north-east," the club says. It also questions why, if Nissan might need the land, it has not bought it.

Yesterday the company, which employs more than 4,000 people at Sunderland, reacted trenchantly to the letter. "It adds nothing to what we already know," it said. "Nissan has no interest in branching out into the leisure industry; we are motor manufacturers."

It described the conditions attached to the proposed move of site as "a nonsense".

The club, which has declined to name its backers for the complex, is heading for a £1m loss this year. Its planning application will be considered by Sunderland City Council in the new year.

Savings rates are reduced by Woolwich

By Alison Smith

Woolwich Building Society, the UK's third-largest, yesterday became the latest society to reduce its savings rates. From tomorrow most of the 4m people who save with the Woolwich will find that the interest rate they receive is cut by 0.41 percentage points.

With few exceptions the largest lenders have now set out their stalls for both mortgage and savings rates in the wake of the pre-Budget 0.5 percentage point cut in base interest rates.

It has given them the opportunity – taken by almost all – to widen their margins by passing on to borrowers a lower rate cut than the reduction in savings rates.

All will also gain a short-term benefit from the time lag – usually two to four weeks – between the new, lower rates applying to investors and those applying to existing borrowers.

Halifax building society, the UK's largest, cut its base mortgage rate by 0.35 percentage points for existing borrowers from the turn of the year, and its saving rate by 0.5 percentage points for most savers from last Wednesday.

That gap of about 0.15 percentage points is reflected in the changes made by other societies, although Nationwide, the second largest, had a wider spread, cutting its mortgage rate by 0.25 percentage points and its rates for most savers by 0.5 percentage points.

This chance to widen margins is far smaller than the opportunity presented by the sharper interest-rate cuts last autumn, after sterling's departure from the European exchange rate mechanism.

But the building societies are still likely to face accusations that they are not treating their members fairly.

Mr John Wriglesworth, housing analyst at UBS, said that building societies needed to widen their margins to make up for the fact that the returns they were achieving on their free reserves was also declining as interest rates fell.

He said: "They're running as hard as they can to stand still."

The pressure to reduce margins over next year will come not from MPs or ministers but from from competition.

Societies have been squeezed both on lending and borrowing. They have lost the market share of mortgages to banks, and face an intensifying struggle to retain their personal savers.

Although sounding reasonably relaxed about the cuts in National Savings rates announced on Thursday, the sector is keenly awaiting the details of the new guaranteed income bond for pensioners, which was announced in the Budget.

Some in the sector already foresee a more general threat to societies' retail deposit base in the prospect that, if interest rates remain low, large numbers of savers might decide that they are prepared to face some risk for a higher reward than savings accounts can offer.

Lilley steps over the banana skins

James Blitz assesses the developing political skills of the social security secretary

For once Mr Peter Lilley can say that he has had a good week.

In recent months the secretary of state for social security, one of the most Thatcherite members of the cabinet, must have felt that he was the butt of more criticism than any other minister.

His ambitions to target social security benefits on those who most need them have drawn intense fire from Labour's front benches.

Even some cabinet ministers have hinted that his plans are far too draconian.

Yet this week he introduced two bills central to his objective to contain the growth of the £80bn social security budget. The two measures – raising employees' National Insurance contributions by 1 per cent and cutting the statutory sick-pay subsidy to employers – were countered by the Labour whips, who ended their "pairing" arrangements with Tory MPs in protest at the speed with which the measures were being pushed through.

Yet both went through without a hitch.

Sitting in his Whitehall office this week Mr Lilley looked like a man preparing for another march forward in the new year.

He said in his quiet, slightly intense voice: "Any one of the measures that we have recently announced would have been a major item at any time.

"We seem to have done much better than we could have expected in getting support for them."

Tory backbenchers say the bills have had a smooth passage because Mr Lilley understood an important lesson of politics. He leaked his plans on withdrawing the statutory sick-pay subsidy before they were announced in the Budget.

Ashley Ashwood

Peter Lilley: aware of the dangers in social security changes

But the going will get tougher from now on. In the spring Mr Lilley will introduce a bill to tighten up the rules for applicants for invalidity benefit, introducing an objective test that would replace the informal examination now made by GPs.

He says the measure will be controversial. Some Tory backbenchers go further, fearing the legislation will do the unthinkable by taking benefits away from people who already have them.

He must also tackle problems with the Child Support Agency, which has been attacked for zealously forcing separated fathers to pay maintenance when they cannot afford to.

Mr Lilley is under pressure to reduce the burden on the absent fathers. But that, in turn, could force his already hard-pressed department to pay out more in benefits to lone mothers.

So what of longer-term, neo-Thatcherite ambitions to curtail the welfare state?

He is clear enough on the broad principles, especially on pensions. "I would expect to see welfare provision rising," he said. "But the share which comes from individual pensions will have to increase more rapidly than the share which comes from the state."

But he is vague on specifics. He says that the legislation which emerges from his social security review "cannot be preordained".

Mr Lilley's discretion may have been learnt by example. As every Tory MP knows, the shadow of Mr John Moore hangs over Mr Lilley. The resignation of his predecessor in 1988 was partly triggered by the embarrassing zeal with which Mr Moore set about trying to reform the benefits system.

Cabinet colleagues urging caution will also press Mr Lilley to temper his enthusiasm.

There were suggestions earlier this month that Mr Kenneth Clarke, the chancellor, was calling for a halt to the targetting of benefits, saying that the universal state pension was here to stay.

Mr Lilley denies any cabinet disagreements over the broad thrust of policy. But he is undoubtedly aware of the dangers inherent in social security changes.

As one Tory MP said: "Caution must be his watchword." A neo-Thatcherite secretary of state for social security moves step by step – or not at all.

Reforming the welfare state

Peter Lilley's main proposals so far:

Invalidity benefit

Incapacity benefit to be introduced next year, using an objective medical test.
Impact: About 200,000 will lose entitlement in first three years of scheme.

Unemployment benefit

"Jobseekers'" allowance to be introduced in 1995-96 session accompanied by a cut in entitlement from a year to six months.
Impact: Ministry estimates that 250,000 people will find at any one time that they would have been better off under the old unemployment benefit scheme.

Abolition of statutory sick pay subsidy

Big employers to pay full cost of subsidising sick employees, having had four-fifths of costs met until now.
Impact: Ministers say impact on industry will be lightened by cuts in employers' National Insurance contributions.

Equalisation of retirement age

Both sexes will claim state pension at 65.
Impact: Measures will start to take effect after 2010.

Swan Hunter set for subsidy

Swan Hunter, the Tyneside shipbuilder in receivership, looks set to become eligible for Intervention Funding subsidy, improving its prospects of finding a buyer, Chris Tighe writes.

A meeting in Brussels yesterday of European Union heads of cabinet – senior civil servants – agreed to recommend to next Tuesday's meeting of the EU's 17 commissioners that the Tyneside yard should become eligible for the 9 per cent merchant order subsidy, which would be paid by the UK government.

It is thought to be unlikely that the commissioners would overturn a recommendation by their senior aides.

The news was welcomed by Mr Ed James of receivers Price Waterhouse. "It's not a guarantee of a buyer but it clearly enhances the prospect for the yard to win new work," he said.

Bankers to visit south-east Asia

Mr Kenneth Clarke, the chancellor, is to lead a party of top UK bankers to south-east Asia later this month to try to help the financial services industry expand its presence in the region.

The tour of about two weeks will start the week after Christmas and take in Hong Kong, the Philippines and Indonesia.

Major rejected appeal on BCCI

Mr John Major has turned down a direct appeal from a Labour MP to intervene in bringing about a settlement for creditors of Bank of Credit and Commerce International, saying it is for the collapsed bank's liquidators to decide how best to proceed.

In a letter to Mr Keith Vaz, Labour MP for Leicester East, dated November 23 and released by Mr Vaz yesterday, the prime minister recognises that an October decision by the Luxembourg courts is likely to lead to "a considerable delay".

Planning fee law to be changed

The government announced yesterday it intends to legislate to allow local authorities to set their own fees for planning applications. Fees will increase by 15 per cent from January 13 and a further 15 per cent from January 1995.

Planning minister Mr David Curry said the increases "represent another important step towards applicants meeting the full costs incurred by local planning authorities in determining planning applications".

National Savings contribution up

National Savings contributed £443m to government funding in November, up slightly from £435m in October. There were gross sales of £1.06bn, repayments of £801m and accrued interest of £182m.

Exporters slam DTI on new law

By Ian Hamilton Fazey, Northern Correspondent

The Institute of Export yesterday protested to the government about "ineffective" consultation with industry and corporate lawyers about the new laws on commercial agents, which come into force on January 1.

Complaints about poor consultation have been mounting throughout the autumn as exporters realised the new laws were going to raise costs and that some companies were unlikely to have enough time to adjust.

The final straw that led the institute to write to Mr Richard Needham, trade minister, appears to have been a new section in the final form of the regulations. This was unexpectedly published last week with no time for amendment, less than three weeks before the regulations become law.

It changed the way agents should be compensated when sacked. In all drafts, Britain appeared to be opting for damages rather than the fixed-indemnity formulae favoured by most other European Union countries. Since damages are negotiable, most lawyers acting for exporters believed this would generally offer the cheapest option if companies and agents fell out.

But, according to Mr Michael Thornton, a solicitor who is co-author of a standard textbook explaining the laws, the new regulations say both methods shall be used, allowing agents to claim a fixed indemnity worth one year's commission averaged over five years, plus damages.

He added that he and other specialist lawyers had not been consulted. "Somebody is going to have to say you can have one or the other, or does this now mean you can only have damages if the sum exceeds the indemnity?"

Some lawyers believe the new laws – which implement a 1986 EC directive – may actually be wrong, as the directive appears to stipulate an "either/or" approach to compensation.

Mr Thornton, a partner specialising in export law at the Manchester office of Laytons, added: "It's a bit rich for this to appear in the final version when it didn't appear in any of the drafts. It has just been slapped in by somebody in the Department of Industry and now appears as the law."

Mr Ian Campbell, director-general of the Institute of Export, said: "The government banged out a few drafts to a few people and said they had consulted. They had not." Inquirers were refused a list of consultees by the DTI, making it difficult to liaise and co-ordinate responses in the common interests of industry and commerce, he added.

Mr Thornton added: "Someone in the DTI must love lawyers. Many companies will need possibly expensive legal assistance just to check if the laws apply to them."

BA plans £150m Heathrow cargo expansion

By Paul Betts, Aerospace Correspondent

British Airways plans to invest £150m expanding its cargo facilities at London's Heathrow airport in a joint development with BAA, the site operator.

Yesterday BA said the project will be the airline's largest single investment in an airport construction venture and will more than double its cargo handling capacity at Heathrow by the year 2000.

The BA and BAA boards have approved the project in principle. Final approval is expected by the end of next year. The scheme will involve three phases which, when completed, will increase BA's Heathrow cargo handling capacity from 451,000 tonnes a year to around 1m tonnes a year in 2000.

Details of the development and funding of the new cargo terminal are still being worked out. BAA also regards the scheme as an important part of its efforts to boost freight activities at Heathrow, the world's biggest international passenger airport.

Developed around the existing World Cargocentre on the south side of the airport, the new terminal will be a third of a mile long with a floor area of 600,000 sq ft compared with the current floor space of about 425,000 sq ft.

The new centre will replace the old facilities built for BA's forerunners, BEA and BOAC. Construction of the first phase is expected to start by the end of 1994 and should be completed by late 1996. The second and final phases are expected to be ready in 1998 and 2000.

Mr Kevin Hatton, managing director of BA's world cargo division, said the airline intended "to take advantage of the latest, proven technology to achieve maximum automation of handling functions".

BA said the old terminal operation was mainly manual and its facilities for handling premium products needed improvement. Mr Hatton added that there would be a special unit to handle premium products in the new cargo terminal.

Failure to build a fifth terminal at London Heathrow would cost 14,000 jobs, BAA, which operates the airport, said yesterday, Daniel Green writes.

A decision to proceed with the £900m terminal would create 6,000 jobs and protect 8,000 others, the company said in a lobbying document it submitted to the government.

A public inquiry is expected to begin in 1995. If planning permission were granted in 1997, the first stage of the terminal would open in the year 2002 and work would be finished by 2013, BAA said. The new terminal would handle 30m passengers a year.

"Terminal 5 will ensure that Heathrow retains its position in the face of increasingly fierce competition from Europe," said Sir John Egan, BAA's chief executive.

Loyalists prepared to match IRA ceasefire

By Jimmy Burne in Belfast

Loyalist paramilitaries are prepared to match an IRA ceasefire with one of their own, but are holding back from taking the first step.

Yesterday, in its first public response to the UK-Irish joint declaration, the Combined Loyalist Military Command, which represents the Ulster Freedom Fighters and Ulster Volunteer Force, said that "in the absence of any response from the Provisional murder gangs" it would pursue its "stated policy in retaliation to IRA violence".

Loyalist paramilitaries have carried out indiscriminate murders of Catholics in recent weeks, but security sources believe both the UFF and the UVF will scale down their operations before Christmas. "They are waiting to see what the IRA does next. This is a holding statement," one security source said yesterday.

While adopting an essentially reactive posture in military terms, yesterday's statement made clear that the loyalist paramilitaries also want to be seen as playing a part in setting the agenda.

They are calling for the creation of a forum in Northern Ireland to bring together loyalist paramilitary leaders and unionist party officials, to protect unionist interests and act as a potential channel for demilitarising the province.

The idea mirrors the Irish government's proposed forum for nationalists.

Mr Jim Rodgers, a Belfast Ulster Unionist party councillor, said yesterday that loyalist paramilitaries were angered by what they saw as the emphasis on bringing the IRA into the political process. "It is one-sided, as if the violence of the IRA justified it," Mr Rodgers said.

Republican sources yesterday again lowered expectations that the IRA would move quickly to declare a permanent cessation of violence, as the joint declaration demands.

The sources said the 35-person national executive of Sinn Féin, the IRA's political wing, may reach a "considered position" on the joint declaration by early next week, following extended consultations with regional and branch offices.

But both Mr Gerry Adams, the party's president, and his deputy Mr Martin McGuinness want to ensure that Sinn Féin's response has the backing of the IRA to avoid a damaging and potentially bloody split in the republican movement.

"We have got to get our response right even if it takes much longer than people expect or else we are all going to be in trouble," a senior republican source said yesterday.

The IRA's executive Army Council – which includes Sinn Féin officials and representatives of both sides of the border – is empowered by the organisation's constitution to declare "war or peace".

But the consultation in the next few days will be extended to the IRA's Army Convention, which comprises active service men and women from each of the IRA's brigade areas.

It is widely accepted within the republican movement that any cessation of violence must be endorsed by the convention if it is to be successfully delivered.

The IRA disputes the portrayal of the loyalist paramilitaries as reactive, and is reluctant to abandon its operations unless the loyalists first declare a ceasefire.

Security sources believe this unwillingness by each side to make the first move could undermine the peace process.

Dublin 'forum' to speed Sinn Féin involvement

By Tim Coone in Dublin

The Irish government's proposal to establish a "peace forum" – referred to in this week's joint UK-Irish declaration – is aimed at bringing Sinn Féin rapidly into a formal negotiating process after the IRA has announced the ending of violence.

Senior cabinet ministers say Sinn Féin could be brought into the Irish forum "very quickly" after an announcement. This would be before the exploratory talks the British government has offered the party, which would start after a three-month "quarantine" period.

The ministers also echoed the British government's view that a surrender of IRA weapons would not be a precondition to the involvement of Sinn Féin in talks.

Mr Albert Reynolds, the taoiseach, told the Dail yesterday: "The joint declaration was the first stage in the peace process. The Forum for Peace and Reconciliation could be absolutely vital to reaching a second stage, and to achieving a permanent cessation of violence.

"If we want to be realistic, we have to guarantee that there will be a political process, once violence is permanently ended. The forum could provide a useful input to wider negotiations."

The creation of such a forum was one of the main sticking points in the drafting of the joint declaration. Irish government officials say it was therefore decided to make it an Irish initiative, rather than a joint initiative with Britain.

Mr Reynolds said the forum would be modelled on the New Ireland Forum, set up in 1983 on the initiative of Mr John Hume, the leader of the nationalist Social Democratic and Labour party in Northern Ireland, in which all the main parties in the Republic and the SDLP participated, but which the unionist parties in the north boycotted.

Mr Reynolds said the new forum would be open "to democratically mandated parties to provide a means to debate and devise appropriate alternative political strategies to violence".

Apparently acknowledging that unionist parties will not initially wish to be involved, he said the debate would take place "among all strands of nationalism and hopefully a wider range of opinion, [and] in the aftermath of a permanent cessation of violence, could be a very healthy exercise in advance of resumed talks between all political parties, unionist and nationalist".

Dublin sees the forum as providing a "bridge" to exploratory Sinn Féin talks with London and to subsequent wider talks involving all parties in Northern Ireland and the Republic. Dublin believes the move is necessary if Sinn Féin and the IRA are to accept the peace initiative.

Issues of concern to Sinn Féin and the IRA, such as the future of IRA prisoners and the "dumping" of arms, would be dealt with in these initial talks.

Mr John Bruton, leader of the opposition Fine Gael party, expressed reservations. "A forum that does not contain representatives of both traditions cannot achieve the stated objective in the joint declaration to promote reconciliation. There is a risk that some form of institutionalisation of division may be established."

The Irish parliament later backed the joint declaration without a vote at the end of a day-long debate in the Dail.

Winding up the Dail debate, Mr Dick Spring, the deputy premier and foreign minister, said he would brief fellow members of the EC's General Affairs Council in Brussels on Monday.

هكذا من الاصل

Howard unveils legislative 'attack' on crime

By Robert Rice, Legal Correspondent

Tough measures giving courts the power to lock up children as young as 10, detain persistent juvenile criminals in secure training centres and end suspects' so-called right to silence were unveiled yesterday.

Publishing the Criminal Justice and Public Order bill and the Police and Magistrates' Courts bill, Mr Michael Howard, home secretary, said the measures amounted to a "comprehensive attack on every aspect of crime". But Mr Tony Blair, shadow home secretary, told an audience at Bramshill police college, Hampshire, that the police reforms would undermine the fight against crime.

"The cumulative effect will be dramatically to increase the centralisation of policing and therefore substantially to undermine community policing," he said.

The 117-clause Criminal Justice and Public Order bill proposes action against juvenile offenders, bail "bandits", terrorists, trespassers and squatters. It also ends the accused's right to silence.

The Police and Magistrates' Courts bill sets national objectives for police, gives chief constables more flexibility over their budgets, and introduces Home Office-appointed chairmen and members of slimmed-down police authorities.

Mr Howard said the new members of the police authorities "will be local people and we are dismantling a whole series of central controls".

The measures, announced in last month's Queen's Speech, were attacked by politicians, civil liberties groups, lawyers and police. Mr Blair accused the government of increasing centralisation of power – the heads of police authorities and a third of their members are to be appointed by the government. It would allow police authorities to be amalgamated, even if local people did not agree.

Mr Rodger Pannone, Law Society president, accused the government of ignoring recommendations of the Royal Commission on Criminal Justice which did not suit its immediate purpose – including the creation of an independent review body to consider alleged miscarriages of justice.

Liberty, the civil liberties pressure group, condemned the criminal justice bill as the "most serious and broad-ranging assault on human rights" in the UK in recent years.

Police leaders warned that the police authority reforms, fixed-term contracts and performance-related pay threatened operational independence.

The Association of County Councils and Association of Metropolitan Authorities called the police bill "an expensive distraction from the real business of fighting crime". The associations said the government had admitted that the reforms would cost £21m. That money would pay for more than 1,000 extra constables.

The Police Federation supported the government's measures. "The bill is a sign that at last the government is prepared to get tough on criminals," said Mr Richard Coyles, federation chairman. The police particularly welcomed the provisions to tighten up bail laws.

Media ownership rules to be reviewed

The government is pushing ahead with a review of the cross-media ownership rules that prevent newspaper publishers owning more than 20 per cent of conventional commercial television companies, **Raymond Snoddy writes.**

A broadly based committee is being set up which could begin work next month. Members will include officials from the Department of National Heritage, the Department of Trade and Industry, the Cabinet Office and the Treasury.

The review, which will take at least three months, could pave the way for a relaxation of the rules in the wake of the recent liberalisation of ITV ownership regulations.

Mr John Major, the prime ministar, is helieved to be interested in the issue. The government has heen lohhied extensively hy newspaper groups wanting to increase their television interests, particularly Associated Nawspapers, publisher of the Daily Mail and the Mail on Sunday, and Pearson, owner of the Financial Times.

Both Associated and Pearson were interested in bidding for a significant stake in a new fifth national television channel but were prevented hy the rules from holding more than 5 per cent.

The argument of the liberalisers is that in an age of growing media competition end choice and the growing convergence between computers, telecommunications and entertainment, the old cross-media rules are too narrowly drawn.

When Mr Peter Brooke, the national heritage secretary, ennounced last month his intention to allow one company to own two ITV licences, he promised to keep ownership restrictions under review and look again at the wider questions of cross-media ownership.

Revenue wins case on BES tax relief

By Scheherazade Daneshkhu

The Court of Appeal has overturned a High Court ruling that investors in two business expansion schemes issued by National Westminster Bank, Hambros Bank, and BZW, the securities arm of Barclays Bank, are entitled to tax relief.

The appeal was brought by the Inland Revenue in a case hinging on what is meant by the issue of a share. Lord Justices Dillon and Mann found for the Revenue, Lord Justice Hirst dissenting.

NatWest said that it was disappointed and was considering with Barclays an appeal to the House of Lords. The decision to appeal will be taken early next week.

The Revenue argued that shares in the Homeshare scheme, issued in February by NetWest in conjunction with Hambros Bank, and Gracechurch business expansion scheme by BZW, had not been issued in a way which would allow investors to qualify for tax relief.

Loan-back BES schemes, which allowed investors to withdraw after six months while retaining full tax relief, were abolished in the March Budget.

The banks had allotted shares but had not listed the shareholdings in the companies' register of members by the Budget deadline. As a result, the Revenue did not accept that the shares qualified for tax relief.

In July, the High Court found in favour of the banks and against the Revenue by ruling that the word "issue" had no fixed meaning.

A senior civil servant who was a prosecution witness in last year's collapsed trial of executives of engineering company Matrix Churchill yesterday admitted that he misled the Old Bailey on three occasions, Rachel Johnson writes.

Mr Eric Beston (above), former head of export controls at the Department of Trade and Industry, told the Scott Inquiry into the arms-for-Iraq affair he had been "mistaken" and had "misled" himself.

The trial collapsed after ministers failed to suppress documents showing that the government had known all along that the company was selling equipment to Iraqi munitions factories. This led to Lord Justice Scott's investigation. The inquiry was adjourned until the new year.

Picture: Ashley Ashwood

Lib Dems face split on racism

By Kevin Brown, Political Correspondent

The Liberal Democrat party was facing an ugly split over racism last night after an internal inquiry recommended the expulsion of three members in the London borough of Tower Hamlets.

Mr Jeremy Shaw, one of three members accused of circulating racist leaflets, said local members were "very likely" to set up a splinter group. A substantial breakaway could deprive the Liberal Democrats of its eight-seat majority on Tower Hamlets council, which the party won from Labour in 1986.

The inquiry, chaired by Lord Lester, a Liberal Democrat peer, was set up after controversial leaflets were published during a council by-election won by the British National Party.

The report is a damning indictment of campaigning tactics in the Tower Hamlets party during the past three years, which continued after the inquiry was established.

In addition to recommending three expulsions, it urges the national party to appoint a campaigns officer to monitor Tower Hamlets until after next year's local elections in May.

The three members, who deny racism, have the right to appeal to an independent panel to be set up by the party. The report says the members involved did not intend to stir up racial prejudice. But their populist approach pandered to resentment and anxiety among local white voters.

Lord Lester accuses the Tower Hamlets Labour party of adopting "misguided and dishonourable" policies during the by-election which contributed to the BNP campaign.

The report's most damaging section asserts that the national Liberal Democrat party knew what was happening in Towar Hamlets three years ago, but took "no effective concerted action".

Mr Paddy Ashdown, the Liberal Democrat leader, moved quickly last night to limit electoral damage to the party by making clear that it would act firmly to end racism.

Mr Graham Tope, president of the Liberal Democrat London region, said the exposure of racism in Tower Hamlets was unlikely to affect the party's prospects in the elections.

"Where people comment at all, they recognise that this party has not tried to sweep it under the carpet. Far from hurting us next May, I think it is going to help us," he said.

Mr Jack Straw, Labour's environment spokesman, said the report was a "whitewash".

Rented housing sector faces cut

By John Willman, Public Policy Editor

The number of homes built by housing associations for rent will fall sharply after cuts in the hudget of the Housing Corporation, the quango which distributes government grant to associations.

Approvals to start building homes for rent are due to fall from 38,900 this year to 26,800 in 1996-97. Last year associations provided more than 60,000 homes for rent.

The corporation has told the government that the cut will mean the loss of 15,000 to 18,000 construction jobs.

Sir George Young, the housing minister, yesterday told parliament that he expected at least 154,000 housing association homes to he completed between 1993-94 and 1995-96.

Mr Jim Coulter, director of the National Federation of Housing Associations, said that the government was focusing on completions rather than starts to disguise the cut.

He said: "Sir Oeorge is attempting to conceal the 30 per cent drop in new approvals by emphasising the lettings which will come on stream from bomes started in previous years."

Naw housing plans also include a shift away from building for rent towards higher sales. This was a backdoor change in policy, Mr Coulter said. "In two years' time new rented housing will make up only 55 per cent of the housing association programme," he added.

- The government is recommending that local authorities raise rents on council homes hy 7.5 per cent in the coming year, four times the rate of inflation. Mr John Battle, shadow housing minister, decribed the increase as a "rip-off of council tenants".

Rift opens over 'going concern'

By Andrew Jack

A damaging rift has opened in the accountancy profession over how far ahead accounts should provide any assurance that a company will survive.

Two bodies responsible for drafting guidelines cannot agree on the interpretation of the period covered by the "going concern" assumption.

"Going concern" is a central issue in andited accounts, providing a degree of confidence that a company is not about to collapse.

A working group was established this year by the Institute of Chartered Accountants in England and Wales, on behalf of the Cadbury committee, to consider guidance for directors. It wants no change to the present arrangements.

The Institute says tbat accounts should only provide reassurance that the company will survive as far as the end of the financial year. It argues that projections beyond that date are not reliable.

A group from the Auditing Practices Board, which is drafting guidelines for auditors, this week recommended that the period should be extended to provide greater assurance.

The board says that many of the companies in most difficulty would delay issuing accounts until well into tbe next year, so the institute's assurance would last a very short time. The board wants to extend the period for 12 months from the date the accounts are signed.

The institute's working party is believed to have pressed the board to withhold its proposals until the issue had been further debated.

Now that tbe board has taken an independent line the institute may produce its own draft early next year. This would contradict the board.

Managers buy out bus company

Managers of Fylde Borough Transport have bought the bus company which was previously owned by Fylde Borough Council, Lancashire.

The company has 82 buses operating in Lytham St Annes and Blackpool, and 12 coaches trading as Seagull Coacbes. It is tbe 24th local-authority bus company to be sold – a further 24 remain in public ownership.

Opt-out schools gain £150m

By John Authers

The Department for Education yesterday announced grants of £150m to grant-maintained schools that have opted out of local education euthority control.

Only 70 per cent of the schools which have opted out in the past year will receive capital grants, bowever, and ahout a third of these must wait until the educational year 1995-96 before the funds will be available. Last year virtually all newly opted-out schools were offered capital grants.

Labour said this sbowed that the Treasury had applied pressure on the education department to make the funding for opted-out schools less generous. Mrs Ann Taylor, shadow education secretary, said: "The hribes to education department grant-maintained schools are clearly running out."

She accused Mr John Patten, the educatton secretary, of massaging the figures to make tbe allocation look generous, adding: "The truth is, this year there are more losers."

However, teachers' unions continued to object that more funds were being made available to opted-out schools than to those which had remained with local authorities.

While the total of £150m, which are for specific new capital building programmes, were split between about 700 grant-maintained scbools, Labour complained that the 24,000 which have not opted out are to receive only £516m in total.

Mr Robin Squire, tha schools minister, said that the self-governing sector continued "to grow and flourisb in response to parental demand".

RSI compensation awards continue

Unions have won £118,000 in compensation for sufferers of Repetitive Strain Injury in the past two months in spite of a ruling by a High Court judge that the condition is "meaningless", the TUC said yesterday.

It said the awards were from 30 cases involving five unions, mainly in out-of-court settlements. Those affected were bank workers, journalists and engineering workers.

In Octoher Judge Prosser, rejecting a claim for compensation by a journalist against Renters news agency, said RSI had "no place in the medical books".

OBITUARY

Sir Robert Reid: former chairman of BR and lifelong railwayman

Sir Rohert Reid, former chairman of British Rail and a lifelong railwayman, has died aged 72.

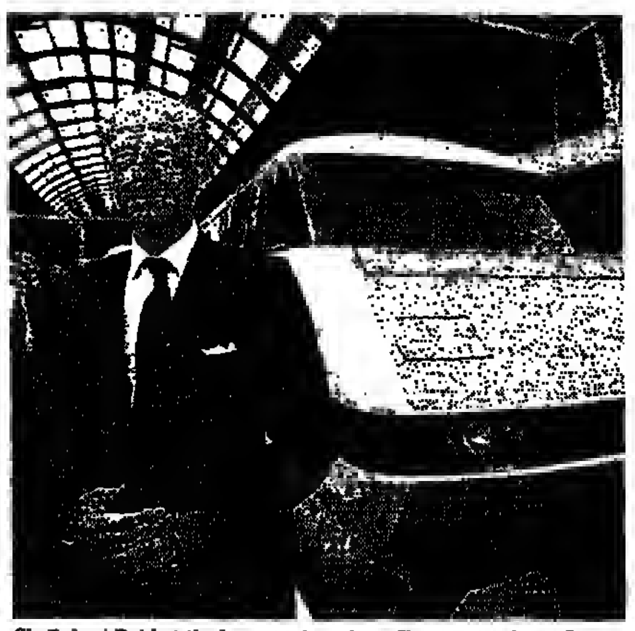
Altbough be was not the government's first choice to become BR chairman in 1983, he is credited with the modernisation of its management. He put in place many of the building hlocks for the planned privatisation and break-up of BR, in spite of his distaste for the process. His daath comes within a few weeks of parliament approving the privatisation bill.

Robert Reid was horn on February 7 1921. His education at Brasenose College, Oxford, was interrupted by the second world war and be was commissioned in the Royal Tank regiment, spending more than three years as a German prisoner-of-war. He returned to Oxford and in 1947 opted for e graduale traineeship with the London and North Eastern Railway at £399 a year.

He started as e traffic apprentice and eventually became BR chief executive in 1980 and chairman in 1983. The government had sought strenuously to find a tough outsider to shake up the railway but ended up witb an equally tough insider.

In spite of his long career with the railways he did not bold a romantic view of its traditions or its role. He broke up the established hierarchy and split BR into five sectors – freigbt, InterCity, provincial services, London and the soutb-east, and parcels. He closed the network of regional offices with tbe loss of 6,000 staff and presided over a halving of the government subsidy.

Unlike his flamboyant predecessor, Sir Peter Parker, Sir Robert was soft spoken and adopted e low profile. Few amoog the travelling public would have recognised his hawk-nosed profile.



Sir Robert Reid et the launch of the InterCity 225 at King's Cross

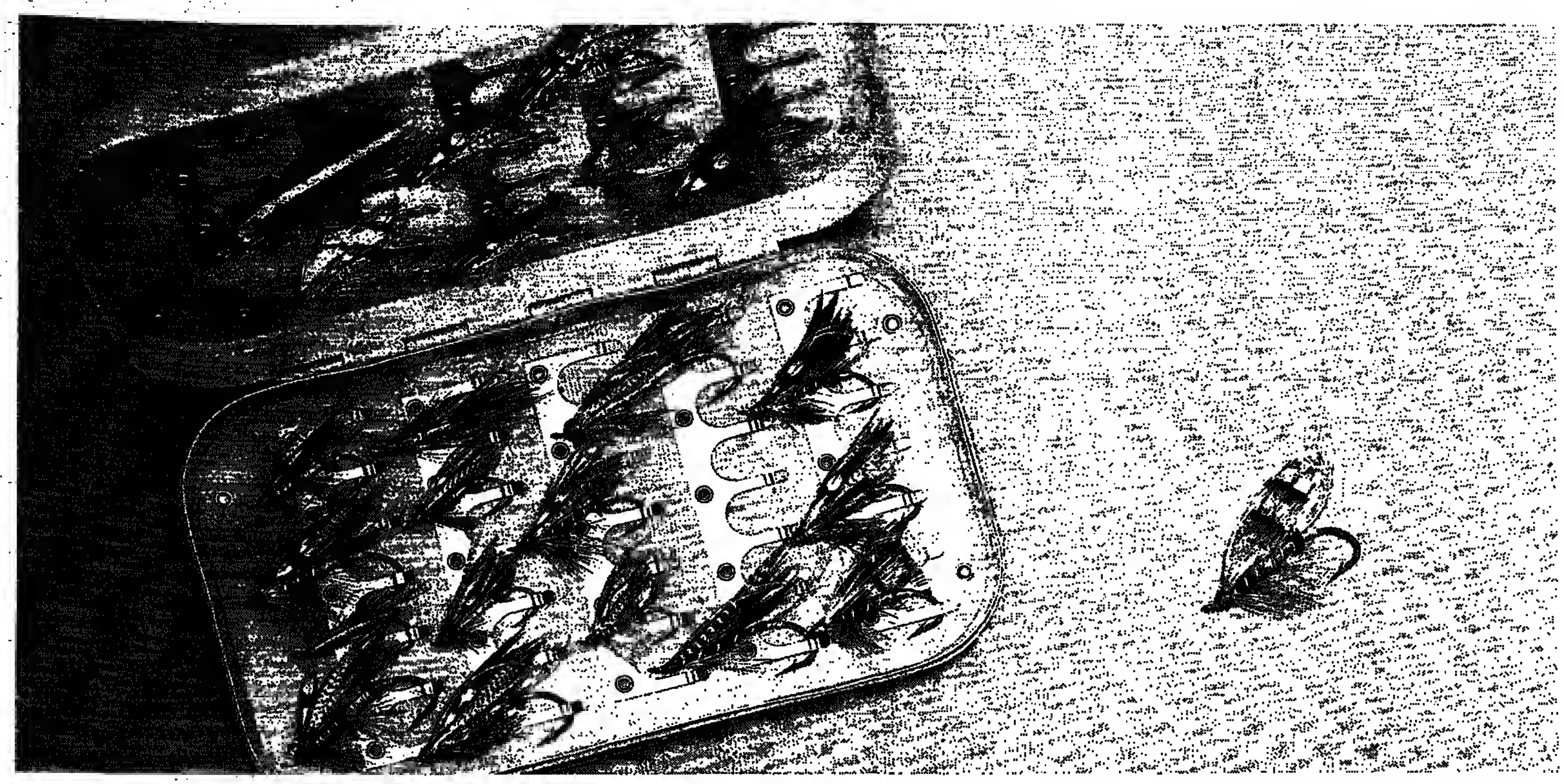
In office be took care not to become embroiled in the political discussions of BR's future, but when pressed would question the value to customers and employaes of privatising BR. When privatlsation appeared inevitahle he declared himself in favour of retaining BR as a single operation rather than allowing it to become "a hroken-up reilway with lots of little companies".

A few months before his retirement as chairman in March 1990 he made a puhlic plea for more government investment in rail to maintain London's role as an important European transport centre.

Towards the end of his period in office his efficiency improvements were somewhat overshadowed by three fatal train crashes and a damaging dispute with the rail unions.

A member of Business in the Community, he was also on the council of the Prince's Youth Business Trust and a member of the Confederation of British Industry president's committee. He was also a companion of the British Institute of Management.

Knighted in June 1985, he was an outdoor enthusiast listing golf, sailing, shooting, fishing and mountaineering as his hobbies. A widower since 1976, he leaves a son and a deughter.



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So here it is, a merry Xmas

This will probably turn out to have been the most economically depressed year for the world economy since the second world war, but that is not how it will be recorded in the economic history books. Just as 1973 has become the year of the oil shock, the beginning of a number of years of stagflationary misery, so 1993 may be remembered as the year in which the world economic community finally completed the Uruguay Round of trade liberalisation, thus beginning a new era of free trade and rising prosperity.

Of course, 1973 is not only remembered for the quadrupling of oil prices. It was also the year in which Poland eliminated England from the World Cup and Slade, a British rock group, began a tradition of seasonal chart hits by taking a Christmas pop song to the top spot on the hit parade.

Waning power

The power of Opec to influence oil prices has waned since then, but Slade's Christmas song remains as popular in 1993 as it was 20 years ago. Indeed, casual research suggests that it has been particularly popular at this year's City of London Christmas party. No-one can blame equity market dealers, as they celebrate the fruits of London's continuing bull market, from crossing their fingers and singing along:

So here it is, merry Christmas
Everybody's having fun
Look to the future now
It's only just begun

Yet can the stock market really do as well in 1994 as in 1993, a year in which the FT-SE 100 Index has risen by 16 per cent, closing last night at 3,377.1? Or does the combination of relatively sluggish recoveries, rising taxes and high price-earnings ratios on both sides of the Atlantic spell danger?

City opinion is split. Traders, and clients of Goldman Sachs, may take comfort from analysis provided by Sushil Wadhwani, the investment bank's equity analyst, who continues to point out that, using historical bond-equity yield ratios, UK equities appear 20 per cent under-valued. Others are much less sanguine. "It's all very uncomfortable," says Robin Aspinall of brokers Panmure Gordon, "but at least I can guarantee that 1994 will see a return to 2900."

Yet the bull market continues to roar. The FT-SE 100 gained 2.3 per cent this week alone, despite mixed signals about the pace of UK recovery from output and retail sales. Perverse as it may seem, the fact that 1993 has turned out to be such a disappointing year for economic growth across the industrialised world helps to explain why equity markets have performed so well. Slow growth and low inflation have pushed short-term interest rates down on both sides of the Atlantic, encouraging investors to move out of cash in search of real returns. Bonds have benefited most from this pool of income-seeking liquidity, but equity yields have also surged ahead in every major market except Japan.

Can it last? For the UK stock market, the big unknown is whether economic growth will eventually resume at historic rates without a surge in inflation. If so, the scope for higher dividends combined perhaps with a rise in bond yields as growth accelerates should be enough to return the yield ratio to its historic level. But an upturn in inflation alone would also lift the yield ratio by raising long-term rates and, if short rates also rise, could send shares falling.

Then again, perhaps historic relationships between bonds and equities are no longer a good guide to the future. A prolonged period of low growth could rule out the kind of earnings growth which would be needed to justify current price-earnings ratios.

In Britain, the immediate threat of a sudden rise in bond yields seems non-existent. Underlying inflation is falling and the labour market remains depressed. Short-term UK interest rates are more likely to go down than up. If there is an inflationary risk to UK equities, it comes from the US where growth is stronger and the Federal Reserve may soon raise short-term interest rates. A sharp US increase could dry up the flow of US money into Europe, while falls on Wall Street would also be felt across the Atlantic.

But with US inflation still subdued, any rise in short rates is likely to be a statement of intent rather than a sign of imminent danger. US bonds could even rally as a result. Nor does slow growth on the European continent spell too much danger for UK equities so long as the Bundesbank continues to push interest rates lower.

Risk in recovery

Not surprisingly, the pace of domestic recovery remains the greatest risk for UK equities. Britain's long-term economic weaknesses – low investment, decaying infrastructure and inadequate skills – have not gone away, despite the statistical fog which currently surrounds the trade figures. But the immediate threat is that growth will be too slow, not too fast, over the first half of this decade. Investors may well be persuaded that lower UK interest rates will offset the effects of tax increases, and that slow growth of disposable incomes will postpone recovery rather than abort it. But how far into the future are they being asked to peer?

Vladimir Zhirinovsky is part clown, part victim, say **John Lloyd** and **Leyla Boulton**, but his contradictions cause concern

Smile masks a scream of rage

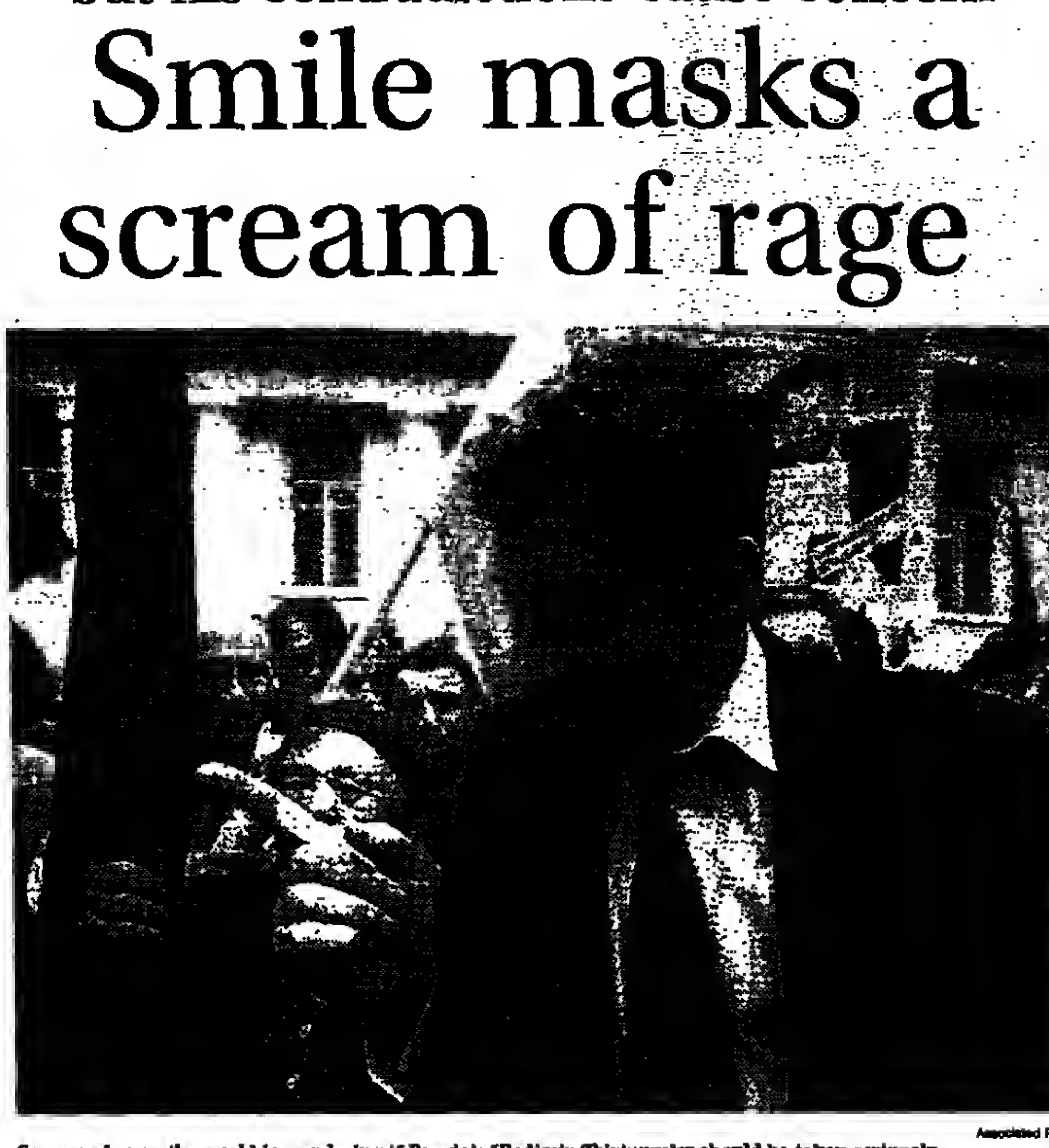
A Russian couple debated which candidates they liked before last Sunday's elections. The wife favoured Vladimir Zhirinovsky, leader of the neo-fascist Liberal Democratic Party. The husband objected: Zhirinovsky is a Jew, he said. The wife believed him, and they voted communist. This really happened.

Post-communist Russia is perhaps the only place where voters who wish to vote for fascists choose instead to vote communist because the fascist leader is Jewish. It is the basis for a farce, but that is not what it is.

Mr Zhirinovsky's Jewishness (through his father, Wolf Zhirinovsky) is not incontrovertible, but it is probable. Yesterday Mr Mikhail Chlenov, head of Russia's Jewish Federation, says that he met Mr Zhirinovsky in November 1988 during the founding conference of an organisation called Shalom.

"He got up and said he was a lawyer, and after his speech he was elected to the board. Shalom lasted three months and then he disappeared. There was no hint of a future Fuhrer. It was self-evident that anyone who came to such a meeting was Jewish or considered himself to be. There is no doubt that, with a name like Wolf, his father was Jewish."

Being, or not being, Jewish matters in Russia. Jews are not the most oppressed of the former Soviet peoples – it is the Azeris, Armenians and Georgians who are being thrown out of Moscow and St Petersburg now – but they cannot expect to play a leading role in the governance of the state. It matters for Mr Zhirinovsky, because he has used – inconsistently – anti-semitic (or "anti-Zionist", which can amount to the same thing) rhetoric in his campaigns and would presumably suffer more defections from his cause once people knew for sure he was Jewish.



Associated Press

Scream of rage: the world is wondering if Russia's Vladimir Zhirinovsky should be taken seriously

Yet all this merely adds another veil to the dance Mr Zhirinovsky is performing in front of the Russian people, and of the world. It adds another layer of obfuscation on a figure whose contradictions are beyond easy explanation. As the world asks – should we take this man seriously? Does he herald a nation in arms against reform? – he continues to weave this way and that, now protesting moderation, now threatening to use nuclear weapons on Germany and Japan, now claiming he is is a maligned liberal, now welcoming starvation in Central Asia if it assists Russia's economy. If Stalin was a dogma wrapped in an enigma, Zhirinovsky is a scream of rage masked with a grin, veiled with a lie and topped with a joke.

A judgment on him might start with his assessment of himself in his autobiographical pamphlet *The Last Dash for the South*. The analysis is as dark and pathetic, as ridden with complexes and hatreds as that of any important public man of our times. His book is the testament of the victim: of a boy who hardly knew his father; who grew up with five siblings (by another father) in one room in a communal flat; whose mother took a young husband while he was still a child; who "never liked common games – I always preferred to play by myself"; who says at one point that "my whole life was a degradation" and again that "I had no friends" and that "I loved my mother... I loved her very much... I watched her cry again and again".

The mawkishness, the obsessive insistence on his specialness and uniqueness, his insistence on suffering are touching, because they show not a brute, but a man whose sensitivity and intelligence never could attract the attention of the mother he adored. There are also passages of compelling writing, as on his first awakenings of sexuality, watching naked little girls go to the lavatory in the night in the orphanage in which he spent some time. Later, his wife and son are introduced as an afterthought – the centrepiece must be the unfairness of the world to Vladimir Zhirinovsky, and the explicit and constant equation of the ills of the former Soviet Union with the ills which beset him.

On the first page, his birth is described down to the minute and the weather, and intercut with the degraded condition of the Russians in Kazakhstan (he was born in the Kazakh capital of Alma Ata) – a state they considered they had brought into the civilised world. Later, he rails against his life in the communal flat as a product of the preference given to Kazakhs over Russians in the allocation of individual housing. After another bowl that his life has been "nothing but suffering", he shifts to Mikhail Gorbachev and says "he had a sweet life. That's why he... could do nothing right. He was weak."

How could this bundle of resentments and hatreds and losses have risen so fast to become the latest threat to the west's peace of mind? Throughout his life's account, there are hints that he may have been associated with the KGB: his education in a prestigious oriental language institute, his army service as (apparently) an instructor, a trip to Turkey – all of these would have at least attracted the attention of the all-enveloping security service, if they were not sponsored by it. Mr Chlenov, also a graduate of the oriental institute, says graduates were routinely asked by the KGB to work for them after qualification. He avoided it by moving into academia.

Further, Mr Zhirinovsky's dip into Jewish movements in the late 1980s (an area saturated with KGB attention) and most of all his founding of the Liberal Democratic Party in 1990 (registered in 1991), shows either a man of extraordinary freedom of movement or one with at least a thread leading back to KGB headquarters in the Lubyanka.

From the start, the LDP was a strange formation. It eagerly espoused individual rights and the need to "de-ideologise Soviet society", (then passing through the last,terminal crisis of communism) – and at the same time insisting that the Soviet Union remain an integral state. An early interview with Mr Zhirinovsky in the conservative newspaper Glasnost during his bid for the Russian presidency in 1991 (where he zoomed from nowhere to third place after Mr Boris Yeltsin and Mr Nikolai Ryzhkov), quotes him as saying: "Everywhere I went I spoke about anti-Russian attitudes. Now we've seen the last straw – the killing of Russians in Russia because they're Russians (referring to some apparently ethnic-based murders). I don't say Russians are any better than anyone else but they are certainly no worse and they don't deserve their present fate (as the victims of their former colonial empire)."

It is the voice of the victim-nation, forced out of former colonies, feeling the boot on the end of another foot. Every imperial country – Britain, France, Portugal – has had a similar imperial movement, and Mr Zhirinovsky began to articulate it as soon as he came into public view. It is not far fetched to say that this is a voice of the KGB, and that the LDP – whose launch made the first page of Pravda, a sign of approval – is yet another "police party" of the kind familiar during the Tsarist period.

But are not the worries of Russians today less about the integrity of the former Soviet Union than the price of bread? Is not the LDP's economic programme – more arms sales, no more aid to the former Soviet republics, a boost for the public sector, a crackdown on crime – ridiculous in its simplicity? Yes: but Mr Zhirinovsky's skill has been to recognise that people do not want one more foolproof plan from a self-satisfied economist: they want action, even if it is only the action of a demagogue.

What Alan Bullock in his *Hitler and Stalin: Parallel Lives* says of the German fascist leader is true of Mr Zhirinovsky. "He never made the mistake of supposing that the best way to exploit (the depression) was by making economic policy and promises the centrepiece of the party's opposition. He grasped, as no other German politician did, that the effect of such economic factors on peoples' lives was one of psychological shock and that it was to the emotions this created – fear, resentment, despair, the longing for reassurance and the renewal of hope – that a political leader should address himself." Economics, indeed rationality, have nothing to do with it.

Comparisons with Hitler overestimate Mr Zhirinovsky, however. He will not cut the same swathe through civilisation – not because he has no ambition to do so, but because he has neither the will nor the space.

He is a fragile man, for all his scorn for those who have had the "sweet life". He attracts no one of any quality (as Hitler soon did) and cannot bear anyone who seeks equality with him. His background, or his KGB links, or both, are in the end debilitating in this society. His need for the victim status, much more obsessive than Hitler's as revealed in *Mein Kampf* or *Table Talk*, will be difficult to transform into an effective use of the power he appears to want.

The special circumstances of Russia, and the incompetence of the reformists, especially in running an election campaign, have given a talented populist room for growth. But he is a freak – a hot character in an increasingly cool environment, where TV sets flicker behind threadbare curtains from Brest to Vladivostok. Mr Zhirinovsky is at once the master and the victim of television. The master, because he is able to be simple, direct and convey his own obsessions and hatred of "them", to chime with a nation made to feel like outcasts. The victim, because the medium demands fresh fodder constantly, and (as many Russians now say) he is a one-time phenomenon, not a permanent fixture.

His insouciant ability to deny pledges made in print or in public and to assert the opposite is seen as clever but will also bewilder or dishearten. The great European tyrants of the century – Stalin, Hitler, Mussolini, Franco – all did much of what they promised and often raised their peoples' living standards, at least for a while. Mr Zhirinovsky, instead, threatens nuclear holocaust.

Finally, the European dictators' rise to power was against a threatening background in which it seemed wholly sensible to be tyrannical. Mr Zhirinovsky grasps for the seat of the Russian president when almost every important country in the world is trying to become democratic, or market-oriented, or both. He himself, in his extraordinary dodging this way and that, pays both the tribute of rhetorical support.

He is more than a clown, though he is funny: but less than a tyrant in the making, though insofar as there is a programme it is fascistic. He is like one of Shakespeare's most bitter and diseased jesters with a skinhead retinue. And he reflects, sometimes with shocking accuracy, the cries of a society in which many have suffered similar tribulations to his own, and now feel even more dispossessed than he can give witness to.

MAN IN THE NEWS: ***Sir Leon Brittan***

Bulldozer brawn with a brain

Lionel Barber on Europe's chief Gatt negotiator

Just before the climactic announcement of a deal in the Gatt world trade talks, Sir Leon Brittan stepped out of a Brussels conference room and paid a visit to the in-house canteen.

Here was the prospect of a mouth-watering quote for the assembled media horde, along the lines of "I'll take the ham sandwich and, by the way, where's the claret?". Alas, the queues were interminable, the Gatt clock was ticking, and so the European Union's chief trade negotiator was forced to stop fraternising with the hoi polloi.

The metamorphosis of Sir Leon from grand gourmet into *homme ordinaire* offers an insight into his wider ambitions. For even as a conclusion to the Uruguay Round drew close last Wednesday lunchtime, he was looking ahead to the next move: his bid to succeed Mr Jacques Delors next year as president of the European Commission.

Until this week, it was easy to write off Sir Leon's chances of attaining the top job in the Commission. But the Gatt deal is a personal triumph which has seen his reputation as a high-powered, if aloof, intellectual transformed into that of a deal-maker on a grand scale. "He has become a viable candidate," says one senior Commission official.

The Gatt deal is a personal triumph which has seen Sir Leon's reputation transformed

Seven years ago, Sir Leon's political career appeared finished. Memories of his involvement in a clumsy campaign during the Westland helicopter affair to discredit Mr Michael Heseltine, then UK defence secretary, might have faded. What has not faded is the the verdict of a fellow Conservative MP at the time: "Too many brains, not enough common sense."

Yet Sir Leon has flourished since arriving in Brussels in 1989 to become senior UK commissioner responsible for competition policy. Although he keeps contact with friends in London and often spends weekends walking in his former constituency in Yorkshire, he seems happier jetting off to Moscow to see President Boris Yeltsin than suffering the sling-shots of the annual Conservative party conference.

His success is a tribute to hard work, a willingness to pick first-rate staff and an unshakeable self-confidence. "He has the style of a bulldozer," says a senior EU official.

An ability to plough through mind-numbing detail proved crucial as the EU's lead negotiator in the tortuous Gatt negotiations. "The contrast with his predecessor (Frans Andriessen) could not be more marked," says a Commission official. "He listens to what his civil servants tell him, he uses their briefs, and he understands them. This is all highly motivating."

His eagerness occasionally borders on the impulsive. In early January, Sir Leon tried to strike a deal with the outgoing Bush administration on Gatt before he had been formally confirmed in his new post as Commissioner for External Economic Relations. He still insists he had a chance of converting his "short twirl" with Mrs Carla Hills, then US trade representative, into an agreement. "I just needed a month rather than two weeks."

Others disagree. "In the beginning, Brittan wanted a deal at any cost," says a veteran EU trade negotiator, "but he ended up understanding that the Americans only respect hard bargaining."

This became evident during his relationship with Mr Mickey Kantor, the US trade representative. At times, the two men looked like the Odd Couple on the international trade circuit: Sir Leon as the silken-tongued barrister from Cambridge and Yale Law School, and Mr Kantor, the country lawyer with the light Tennessee drawl.

Sir Leon makes little pretence to personal chemistry with Mr Kantor and no reference to their common heritage as the descendants of Lithuanian Jews. "Mickey Kantor is a deal-maker," he says, "he is a man you can do business with."

The moment that Sir Leon believed there was a deal to be done came when President Clinton renewed his "fast-track" negotiating authority. This meant the US Congress could not attach treaty-wrecking amendments to a final Gatt text, provided a deal was struck before December 15.

Sir Leon was determined to make December 15 stick. He knew that failure risked splitting the EU between a free-trading bloc led the UK and Germany, and a protectionist-leaning rump led by France.

His strengths and weaknesses were less apparent in his dealings with the Americans than in his efforts to resolve internal differences among the Europeans.

The job of chief EU trade negotiator requires the skills of juggler and tight-rope walker. As a member of the Commission, Sir Leon is the servant of the 12 member states. He must balance their (often conflicting) interests while following a mandate set out by the Council of Ministers. Simultaneously, he must show his interlocutors that he has the flexibility to negotiate and ultimately deliver a deal.

This is a shade more complicated than the hand played by Mr Kantor. Late in the negotiations, the talk in Geneva was that the US trade representative was taking his instructions from two men only: President Clinton and Mr Jack Valenti, head of the powerful Motion Picture Association which was pressing for greater access to film and broadcasting markets in Europe.

The charge against Sir Leon is that he lacks political touch in dealing with his European partners. An observer in the Council of Ministers says it was only late in the day that Sir Leon grasped the importance of keeping all member states on board during the negotiations – particularly the recalcitrant French.

This lacuna resulted in an explosive encounter with Mr Alain Juppé, the French foreign minister. The clash exposed the love-hate relationship which France has enjoyed with Sir Leon since he came to Europe. Although the French like to demonise him as a Anglo-Saxon free-marketeer, they are drawn to his intelligence, charm and vanity; in their eyes, he will always be the knighted member of the British upper class who can handle a French subjunctive clause.

On September 20, Mr Juppé pressed a list of French demands for revisions of the EU-US Blair House accord limiting farm export subsidies. Sir Leon refused to have his hands tied, and still maintains that his stubbornness saved a Gatt deal: "The French demands were extremely risky and could have led to disaster by provoking an outright American rejection."

He denies running for higher office but is willing to list a Commission president's qualities

A colleague agrees that Sir Leon was objectively right, but adds that facing down the French government risked weakening Paris's confidence in the Commission as an impartial negotiator. Similar doubts were shared by the Danes, Greeks, Spanish and Portuguese, all of whom felt they had been kept in the dark as the talks neared a conclusion.

Sir Leon, ever agile, counters that he was never once pressed for information beyond what he was ready to reveal. "They knew perfectly well what I was *not* saying. It was accepted, and it was acceptable." But a Council official describes Sir Leon's self-righteous attitude as "very British".

Sir Leon knows very well that he cannot afford to be labelled British at this stage in his career. Right now, being British in Brussels rates as a negative. Resentment lingers over Mr Major's article setting out a minimalist vision of European integration in The Economist; but the problem goes deeper. Sir Leon's tactics over the past 12 months have been to put discreet distance between himself and Mr John Major's government.

Earlier this year, he warned Britain to take seriously the prospect of a "hard-core" of member states moving towards European monetary union. He supports the concept of a common European foreign and security policy, and he has taken to chastising the US in public for not living up to its free-trade rhetoric.

It may not be enough to win the top job in the Commission. He faces tough though undeclared competition from Mr Ruud Lubbers, the Dutch prime minister and front runner, and the two seasoned Belgians, Mr Leo Tindemans and Mr Wilfred Martens, and possibly from Mr Peter Sutherland, the director-general of Gatt.

Sir Leon inspires great loyalty among staff inside the Commission, who praise him for opening up information flows and streamlining the bureaucracy. "He would be a godsend to the Community," said one official, "because somebody has to manage the Commission."

Sir Leon himself denies he is *running* for higher office. But he is willing to describe the qualities of a Commission president. "You have to be capable of vision, and have the determination and energy to pursue that vision, as well as the capacity to persuade people that it is the right vision."

He adds, in matter of fact fashion, that his own vision of Europe will appear in a book "published by Hamish Hamilton on March 31". This happens to be just three months before the European summit in Corfu will choose a successor to Mr Delors.

There is always an element of calculation about Sir Leon, a hint of a wider game-plan. No doubt the Gatt trade deal has forced everyone to take a second look at his pending candidacy; but he must still overcome residual suspicions about anything British in Europe. It is a hard sell.

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Go-getters wait for starting gun

Norma Cohen on the outlook for a possible successor to the USM

The UK's Unlisted Securities Market is dying. Is there going to be a son of USM?

If European venture capitalists have their say, the London Stock Exchange would accelerate plans for a new offspring. At a recent seminar, together with the chairman of many small companies, they were asked whether they would prefer to list shares on the London Stock Exchange or a new exchange tailored to their requirements. The answer was overwhelming. The entrepreneurial companies' exchange won hands down.

The seminar indicated the widespread dissatisfaction among small companies at the way they crowded out by large companies who dominate the London Stock Exchange's official list.

Last April, the City Group for Smaller Companies (Cisco), a group of UK venture capitalists, small company chairman and stockbrokers, published a paper calling for a new Enterprise Market for the trading of smaller companies' shares.

The model, Cisco says, would be the US-based Nasdaq, which was set up in the 1970s as an exchange for small companies but is now the second-largest stock market in the world by trading volume, and includes many large companies. It expanded rapidly in the 1980s as fast-growing companies such as Apple, Microsoft and Intel chose it for the initial public offerings of their shares.

Mr Richard Balarkas, chief executive of Cisco, says the group would prefer to see a new UK enterprise exchange, which it estimates would cost £20m to develop, operating under the aegis of the existing London stock exchange. But it has investigated whether there might be alternative commercial providers, including Nasdaq, because it fears that it will be some time, if at all, before the stock exchange acts.

This week such worries have come to a head. The stock exchange's board shelved a report from its own smaller companies' working party which recommended a new Nasdaq-type Enterprise Exchange – similar to that proposed by Cisco – to replace the USM which is due to close by 1996. "The existing official list clearly meets the financing needs of many smaller companies," the board says. Some 90 companies have floated their shares on the stock exchange official list so far this year, it adds.

According to the exchange, the USM's closure later this decade was announced earlier this year partly because it was becoming increasingly difficult to distinguish between companies trading there and those on the official list.

Moreover recent amendments to the qualifications required for a listing on the main exchange will make it easier still for small, high-technology companies – including those which have not yet sold any products – to raise equity capital on the official list.

However, the exchange acknowledges "a widespread perception that the needs of smaller companies are not always adequately catered for" and promises further market research. Mr Giles Vardy, market development director at the exchange and a member of the working party, says that idea of a new market for small companies has not been totally rejected.

Privately, however, some members of Cisco believe the exchange is not prepared to cede ground to a potential rival. Already the exchange has seen some of its core functions – such as its monopoly over the distribution of share price information and its role in settling share transactions – taken over by others. Its control over the listing of shares remains one of the few areas where its dominance has not been questioned; an enterprise exchange, with its own board of directors and chief executive, would do just that, even if under the wing of the main exchange.

Mr Vardy, however, denies that the exchange is trying to block a potential competitor. "We have no divine right to run the only stock exchange in this country," he says.

The exchanges reticence may be justified. While many venture capitalists are convinced that a enterprise exchange will draw investors, their confidence is not universal. During the past few years of recession, small companies have watched helplessly as trading in shares listed on the USM fizzled out and investors withdrew their capital.

"In a bull market, there is nothing that avarice will not overcome," says Mr Brian Winterflood, chairman of Winterflood Securities which specialises in small company shares. "What we want is a market which will stand up in a recession."

The exchange agrees 'smaller companies needs' are not always catered for'

Mr Neil Austen, partner in the corporate finance practice at KPMG Peat Marwick, says: "The USM achieved some of the aims of smaller companies. But it was overtaken by changes in fashion and culture. It was seen by entrepreneurs as an end in itself and many of the companies traded there didn't have a clear strategy. They couldn't cope with the downturn."

Now, as the economy emerges from recession, it remains unclear whether there would be sufficient interest from either institutional or private investors. Mr Geoffrey Madrell, chief executive of ProShare, an organisation which promotes individual share ownership in the UK, argues that the US experience shows that it is small investors who are likely to drive the new market. Large institutions, he says, regard substantial investment in many small companies as too risky and not worth the research effort.

But Mr Austen, believes the behaviour of small private investors in the past few years show they are unlikely, either, to show much interest in an enterprise exchange. "If privatisations and the discounts they carry have not attracted private individuals, then nothing will," he says.

A possible means of stimulating private investor involvement would be for institutions to package shares in enterprise market companies into easily-tradable unit and investment trusts.

If Nasdaq is a guide, such a stimulus may prove essential in the early stages of a new market. Initially, private investors accounted for more than half the trading volume on Nasdaq although subsequently that the figure has fallen.

But Nasdaq officials do not believe their experience can necessarily be repeated in the UK. Firstly, the US system of regulation has promoted competition between many different exchanges. In the UK, the London Stock exchange still faces little competition.

Nasdaq's success reflects its ability to attract well-managed companies with good products. "When a small company lists on Nasdaq, retail investors are interested because they all want to buy the next Intel or Apple," says one exchange official. The US system has spawned a multitude of stockbrokers who track the shares of some of the smallest companies, helping private investors to find bargains among the multitude of choices.

The creation of a US-style exchange for entrepreneurial companies looks a long way off in Britain. The stock exchange must decide whether it wants to be the creator of this new market, or whether it will allow a competitor to take the initiative. But the debate about structure may prove secondary to the central question of whether British investors are prepared to commit their cash.

Trade in small company shares: is there enough interest to justify a new enterprise exchange? Tony Andrews

Staging the World Cup in the US is a gamble for its organisers, says **Patrick Harverson**

Home game, away fans

When they held the draw for the 1990 World Cup finals in Rome, Luciano Pavarotti was the star of the show. When the draw for the 1994 World Cup finals is held in Las Vegas tomorrow, Barry Manilow will be the main attraction.

Pavarotti was a natural host in Rome because he loves football and is an international star. Manilow, however, like most Americans, does not – at least not enough to convey its excitement on radio and television to his home-grown fans.

The organisers of the World Cup have had trouble finding an American grown superstar to extol the virtues of "soccer" to a country with no footballing tradition. So it is important that the stars who perform in person or by satellite tomorrow – Rod Stewart, Elton John, Robin Williams and James Brown – do so with the kind of pizzazz normally reserved for a Super Bowl half-time show. Otherwise, Mr and Mrs Middle America might ignore the event altogether.

"All we're looking for is some exposure," says Jim Trecker, senior vice-president of World Cup '94, the organising committee in the US.

Outside the US, the going should be easier. Fans around the world usually follow the draw closely to discover which country their national team will be playing in the opening round of the tournament. A global audience of about half a billion people is expected to watch the ceremony live tomorrow.

But only a fraction of that number will be in the US. While the draw will be shown on ESPN cable sports channel, none of the country's three main networks is broadcasting the event, which is not surprising since most Americans know little about football or the World Cup. Although millions of children play the game – it is regarded as safe and inexpensive – their interest rarely survives beyond their teens.

The reasons are plain: since the North American Soccer League folded in 1985 there has been no fully-fledged professional league which they could support or which they might join as players. In addition, football is rarely shown on television, apparently with good reason. A poll last year by a Dallas sports marketing group found it ranked 95th among 124 sports Americans liked to watch. Dog-sledding and log rolling ranked higher.

So if Americans are uninterested in the game, why is the World Cup being held in the US?

Two words hold the answer: ambition and money. In 1988, the Federation of International Football Associations, the world governing body, selected the US to host the 1994 finals because it wanted to conquer the last big developed country which had not embraced "the world game". It also wanted to make a lot of money in the process.

Fifa is almost certain to achieve the latter. A roster of blue-chip US companies – including Coca-Cola, General Motors, Mastercard and McDonald's – have lined up to pay as much as $20m each to Fifa to earn the status of sponsor of the World Cup – not because they want to reach their domestic market, but because they want to tap into the global marketplace. Sponsors can attach their logos to World Cup merchandise and publicity material and can buy prime television advertising slots. It is estimated that by the time the 52nd and final game is over, a cumulative audience of 25bn to 30bn will have watched the World Cup.

Aside from corporate sponsorship, Fifa has received $300m for the international broadcasting rights, and $210m should come from the sale of 3.6m game tickets, which are expected to be sold out in advance of the opening ceremony on June 17. The nine cities hosting the games – New York, Los Angeles, Chicago, Boston, Dallas, Washington DC, Detroit, San Francisco and Orlando – anticipate a flood of foreign visitors, who will contribute to the estimated $4bn which could be spent on the World Cup in the US – on everything from hotels, to ticket and T-shirts.

While the tournament is virtually guaranteed to be a commercial success, doubts remain about Fifa's primary ambition: to colonise the US for football. Its hopes rest on the theory that the interest created by the World Cup will sustain a US professional football league.

George Vescey, a New York Times sports columnist who has covered the last three World Cups, is sceptical whether the tournament's legacy will be strong enough to support such a league. "I don't think the US will embarrass world football. We have the stadiums, the phone lines, the hotels, and the multinational [sponsors] – that's why we were selected. Whether it will feel like a real World Cup is another question."

By a "real World Cup", Vescey means a tournament which not only stokes the passions of fans in the 24 competing countries, but also captures the imagination of the host nation.

A lot will depend upon how the US team, one of the weakest in the tournament, fares. It is crucial that the home team advances past the first stage of round-robin league games and into the more exciting knock-out stage. Quality will also be critical. Too many unexciting, low-scoring games will make it harder to sell the sport to sceptical Americans.

At the moment however, the World Cup organisers are more concerned about making sure the stars booked for tomorrow's draw turn up to perform. Only when the Las Vegas ceremonies are over, will the task of selling an American World Cup to Americans crank into top gear. A survey released two weeks ago by Fifa showed that only 35 per cent of Americans knew that the World Cup was being held in their country next summer. In Brazil, the figure was 99 per cent. The final score in the US is far from certain.

Simon Holberton says Chris Patten's confrontation with Beijing is about to heat up but investors seem unconcerned

Populism at war with political correctness

The stage is now set in Hong Kong for a battle between populist politics and the might of the Chinese Communist party. When Governor Chris Patten tabled the first part of his democracy legislation this week he almost certainly brought to an end Anglo-Chinese co-operation on the colony's political development, a battle.

The contest, which promises to exacerbate already deep divisions, will accelerate the decline of British power in Hong Kong in favour of the mainland Chinese. It is in China's gift to make this contest as benign or bloody as it chooses.

But it is clear that international and domestic investors regard the row over democracy as little more than a sideshow. Continuing the gains it has made in recent weeks, Hong Kong stock market's Hang Seng index ended yesterday at a record of 10,568.86, up more than 2 per cent on Thursday's close.

With mainland Chinese politics in a relatively stable period, Beijing's push for economic liberalisation, together with the colony's pre-eminent position as the gateway to China, has made Mr Patten's agenda for democratic reform a secondary issue. Since 1984, when Britain and China signed the joint declaration ceding sovereignty of the colony to Beijing in 1997, the Hong Kong and Chinese economies have become increasingly dependent on each other: as close as "lips and teeth", say mainland officials.

As the chart shows, China's dependence on the port of Hong Kong for its international trade has grown considerably. Hong Kong (and Macao) account for the largest share of "foreign" investment in China. In addition, mainland interests have shareholdings on Hong Kong's stock market worth a minimum of HK$120bn; many observers believe the figure is much higher.

For the colony, economic conditions across the border on the mainland are crucial: about a quarter of its Gross *Domestic Product* is dependent on activities derived from links with China.

All this serves to *underline* what has become apparent as the talks between the UK and China have soured: increasing economic interdependence means that much influence has already transferred to Beijing and that, whatever political measures China plans to take against Britain, Hong Kong's economy will be spared retribution.

Yet because the UK will not give China what it wants – a compliant legislature – and because China remains still likes to vest all political control in the Communist party, Hong Kong has to pass through one last rite of passage before its formal return to Chinese sovereignty.

Beijing signaled the beginning of conflict on Wednesday evening when the Xinhua News Agency called on the people of Hong Kong to work with the mainland's representatives in the colony for a "smooth transition" to Chinese sovereignty.

This was a reference to the Preliminary Working Committee (PWC), set up in Beijing in the summer. It consists of mainland officials and several prominent Hong Kong citizens, including Mr Li Ka-shing, the businessman, Mrs Rita Fan, a former member of Mr Patten's executive council (colonial cabinet), and Mr Tsang Yok Sing, a spokesman for the left wing in the colony's politics.

The job of the PWC is to prepare the ground for a "preparatory committee", which will be created under Beijing's auspices in 1996 to prepare for the takeover. As Anglo-Chinese relations have deteriorated, the PWC's remit has changed. It will now engage in "practical work", including devising, by July next year, a method of electing the Legislative Council after 1997. The timing is significant: July is when the Hong Kong government wants LegCo to finish discussing Mr Patten's democracy legislation.

Already the pro-Beijing press has begun to question the "Chineseness" of some leading pro-democracy advocates in the colony. One recently said Ms Christine Loh and Ms Anna Wu – two liberal-minded Patten appointees to LegCo – were "women with striking western values and little feel for China and its ancient ways".

As Beijing has begun to prepare its tactics for the months ahead, so to has Mr Patten. Earlier this month he told LegCo that be would "employ all the rhetorical talents at our command" to put into place arrangements that the UK and Hong Kong governments think are in the best interests of the colony.

This week the campaign got off to a low-key start, with Mr Patten soliciting individual legislators' support for the bill introduced on Wednesday. The measure will lower Hong Kong's voting age to 18 from 21 and abolish appointments to local government councils. It will also create single seat constituencies for local government and 20 of LegCo's 60 seats.

The government is confident that about 50 LegCo members will support this so-called "first-stage" bill. There are signs, however, that support could be weakening. The Liberal (conservative) party, which has 14 votes, is split. The majority feel the party's credibility will be fatally damaged if it fails to support the bill but a vociferous minority feel the party should side with China.

The outcome of this internal conflict is unclear, but in the unlikely event that the Liberal party votes against the government, Mr Patten would still command a majority. "I think we are home and dry" on the first-stage bill, one senior government official noted.

The second phase of Mr Patten's campaign will coincide with the tabling – around the beginning of March – of his second bill. This will seek to broaden democratic participation in the election of LegCo's remaining 40 seats. His campaign is expected to include public meetings, walkabouts across the colony, and more intensive lobbying of LegCo members.

China has yet to respond to Mr Patten's plans. It may treat the legislative process with the contempt it thinks it deserves. It may respond in kind by organising "patriotic" demonstrations against British rule.

Whatever the outcome of the Legco debates, China has promised fresh elections after the 1997 takeover along lines to be determined partly by the PWC's deliberations, but mainly by Beijing's requirement that LegCo be quiescent.

As Mr Patten has discovered, China's concept of "one country, two systems" always meant a capitalist Hong Kong operating within the overarching sovereignty and political control of Beijing.

The omens are reasonable that Hong Kong's capitalist system will survive the political rows of the coming six months. But as economic influence drifts into Beijing's hands, Mr Patten will find that his strength in the battle will also diminish. By 1997, the best he may be able to say is that, however belatedly, he at least tried to introduce the kind of democratic structures the UK believed were right.

As close as lips and teeth

Chris Patten

	1984	1992
Hong Kong exports to China (HK$m)	39,247	274,064
% of Hong Kong's total exports	17.8	29.8
Re-exports from China (HK$m)	28,107	403,782
% of Hong Kong's total re-exports	33.7	58.4
China's exports through Hong Kong (% of total)	26.5	44.1
China's imports through Hong Kong (% of total)	12.0	25.5
Hong Kong & Macao direct investment in China (US$m)	748	7,909
% of total foreign investment in China	52.7	70.0
Employment by Hong Kong manufacturers in China	minor	3m
HK$ circulating on the mainland (HK$m)	3,071	*14,537
% of total HK$ in issue	19.7	29.8
International telephone traffic to China through HK ('000 minutes)	5,839	534,225
% of total	9	47
International telephone traffic from China to/through HK ('000 minutes)		453,610
% of total		47
Hong Kong visitors to China (m)	6	21.5
% of total visitors to China	63.3	74.1
Chinese visitors to Hong Kong	44,000	1.14m
% of total visitors to Hong Kong	1.4	14.3

Source: Peregrine Securities *1991 figure

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Re-build more in keeping with the environment

From Mr Michael J Wade.

Sir, Michael Cassell ("Nightmare on Marsham St", December 17) is right to criticise the current Department of the Environment buildings.

However, one point which I feel he misses is that the other dimension to these dreadful buildings is the height to which they were constructed. Prior to 1970 local residents, office workers and visitors were able to enjoy views of the Palace of Westminster and Westminster Abbey from quite a long distance away, which added to the agreeable ambience of the general area.

I very much hope that, once these awful buildings have been demolished, the planners will not allow any reconstruction which exceeds the current eight-floor limit imposed on other developers in this region over the past few years.

Michael J Wade,
6 Vincent Square,
London SW1P 2LX

Vision that will build information services

From Mr Neil A McEvoy.

Sir, Mr Nick Moore (Letters, December 15) argues against himself in his support for Mr Delors' proposals on "info-highways". Yes, the UK already has the strongest European telecommunications and information services sectors, precisely because of its relatively *laissez faire* approach to the industry. Certainly Britain's 19th century investments in railways were handsomely repaid in growth across the economy. However, this did not occur because "Britain had the vision to invest", but because individual entrepreneurs had that vision.

Any regular reader of your paper could easily determine that the information services already available (and widely taken up) in the US far outstrip those available in Europe. Further, provision of the software which makes it all happen is an industry dominated by US companies, most of which didn't exist 15 years ago. None of this happened because of an all-encompassing government plan, but because of the vision and boldness of thousands of ordinary engineers and businessmen. If a largely *dirigiste* (and still protectionist) Europe competes with a largely free enterprise US in information services, then all Europeans will be the losers.

Neil A McEvoy,
managing director,
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Irony behind unfairness of capital gains plans

From Prof D R Myddelton.

Sir, You are right to criticise the government's budget proposal to abolish indexation in calculating losses for capital gains tax (Leading article: "Trickery with capital gains", December 13). The revenue yield will be very small, but that is not the point. Both the proposal to tax "unreal" net capital gains and its retrospective aspect are unfair to taxpayers.

This is the sort of thing that brings government into disrepute. It is ironic that the main supposed justification for taxing capital gains in the first place was to "add fairness" to the tax system.

You say it "may be difficult to retreat from the principle of partial de-indexation". On the contrary, it should be easy – as well a highly desirable – to retreat from a swindle.

D R Myddelton,
professor of finance and accounting,
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'Imaginisation' runs riot a bit

From Mr A H Coles.

Sir, Lucy Kellaway's article, "Are you a vine, an egg or a train?" (November 17), led her boss to "imaginise" calling her boss a hedgehog, rather than saying straight out: "You're prickly." If her boss is a hedgehog carer, being likened to one of her charges could lead her to think she is being called a disgustingly noisy eater, or that she puffs and snorts vigorously when making love. Possibly not the intended message.

If hedgehogs could send their own message at this time of year it would be for people to take care when tending the garden. Hedgehogs hibernate among piles of leaves and twigs, so please check these carefully before consigning them to the bonfire.

A H Coles,
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Controversy about St Petersburg development achieved only by a manipulation of the facts

From Mr Sam D Paterson.

Sir, Colin Amery's article, "A monster that may ruin St Petersburg" (December 13) is a regrettable example of journalistic licence which only presents selected facts to fit a distorted image.

The illustration of the tower which he used was a product of Lennilprojekt – one of St Petersburg's design institutes. Moreover, the illustration which you published is not of the latest model. The concept has been around for at Least 20 years, and is purely homegrown. Wilson Mason's involvement is as project-managers and as designers of certain aspects of the building which will affect its letability, eg, the core. We have had a team in St Petersburg for several months now, in close co-operation with Lennilprojekt, the city architect and authorities, in order to ensure that neither local sensibilities nor an architectural heritage second to none are trampled on; how dare this one-day wonder assert otherwise?

Far from hanging our heads in shame, we are extremely proud to be associated with a project which can only benefit St Petersburg by keeping rampant commercial development out of the city centre and which will attract incoming investment. We note that even the FT itself is aware of the need to locate its buildings, in one instance at least, away from the City. What would Mr Amery have made of a photograph of the FT's printing plant juxtaposed, however innocently, beside one of St Pauls?

Architects also recognise the beauty of the historic parts of St Petersburg. However, the fact that the proposed tower is to be built on the extreme edge of the city and cannot be seen from the centre is an inconvenient fact far from his viewpoint. I wonder what our Russian friends would make of Mr Amery's cerebral observation that "St Petersburg should advance slowly"? Would he prefer them to live some kind of limbo existence in a giant theme park?

If Mr Amery has set out to be controversial, then he has only succeeded by a manipulation of the facts in this instance. His pious posturing is pure bumbug.

Sam D Paterson,
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Chairman warns of serious threat from 'stampede of discounters'

Asda advances 14% to £105m

By Peggy Hollinger

Britain's food retailers face a serious threat from a "stampede of discounters", said Mr Archie Norman, chief executive of Asda, yesterday as he unveiled a 14 per cent jump in first-half operating profits.

Mr Norman warned that the rapidly growing number of discounters, such as Aldi, Netto and Kwik Save, would double their market share in the next two to three years.

Contrary to comments made by other retail chains, Mr Norman said discounters and warehouse clubs inevitably took sales from the superstores. "A good Kwik Save will take £30,000 a week off our sales," he said.

However, he stressed that Asda had found "a survival route, and a profitable one," in fending off competition. "Our space in the market will be Dales – Asda's own discounting chain which offers a higher proportion of fresh foods – the superstores and the hypermarkets", he said.

Discounters would pose the most significant threat in the south-east of England, where Asda had a lower exposure than the bigger chains. The group would also be offering a wider range of fresh food, clothing and leisure products as well as focusing on its value for money brand.

Asda's strategy appeared to be paying off with like for like sales up 9 per cent to £2.4bn, with little impact from inflation. Operating profits rose from £91.9m to £105m for the 28 weeks to November 13.

Pre-tax profits were depressed by the absence of last year's £98.1m exceptional gains on disposals and fell by 34 per cent from £136.7m to £83.9m.

Profits were also hit by an increased loss of £14.4m (£11.9m) from the Allied Maples business. Both the carpet and furniture businesses have since been sold to management.

The store renewal programme was gathering pace, with 32 completed by Christmas at a cost of roughly £2m to £3m each.

Total capital spending in the first half was £128m, with a further £100m budgeted for the second six months.

Debt was down from £471.6m to £55.3m, following January's £347m rights issue. Interest charges fell from £51.9m to £7.9m.

The interim dividend is increased by 10 per cent to 0.55p. Earnings, hit by the absence of exceptional gains, fell from 4.87p to 2.03p.

See Lex

Trevor Humphries

Archie Norman (left), chief executive, with Patrick Gillam, chairman: faced most significant threat in south-east England

Unilever identifies new joint chairman

By Guy de Jonquières, Consumer Industries Editor

Mr Niall FitzGerald, the Irish-born head of Unilever's detergents operations, emerged yesterday as the heir-apparent to Mr Michael Perry as joint chairman of the Anglo-Dutch food and consumer products group.

Mr FitzGerald, 48, will become a vice chairman of Unilever in May. A year later he will join the "special committee", Unilever's most senior management body, whose other members are the group's joint chairmen.

Appointment to the special committee has long been viewed as preparation for the top job. Mr Perry is due to retire after four years as chairman in May 1996, when he will be 62.

If Mr Fitzgerald succeeds him, he will be one of youngest chairmen in Unilever's 63-year history and will also be the first not to be born British or Dutch.

The group also confirmed yesterday that Mr Morris Tabaksblat, currently third member of the special committee, will succeed Mr Floris Maljers, who retires in May after 10 years as the group's Dutch chairman.

Mr Tabaksblat, aged 56, has played a leading role in reorganising Unilever's food businesses in the past few years and was closely involved in the late 1980s in acquiring US cosmetics companies, including Chesebrough-Ponds, Elizabeth Arden and Fabergé.

Mr FitzGerald, who joined Unilever in 1967, is an accountant by training who has spent much of his career in financial posts.

In 1990, he was made responsible for all Unilever's food activities in northern Europe, and the following year was put in charge of the worldwide detergents side, which has annual sales of about £6bn.

Manweb ahead to £55m and lifts pay-out 15%

By Michael Smith

Manweb rounded off the electricity distributors' interim results season by announcing a 14.75 per cent dividend rise from pre-tax profits ahead from £37.1m to £54.9m for the six months ended September 30.

Unlike some other regional companies, which have reported dividend rises of up to 32 per cent, the distributor for North Wales and Merseyside is not rebalancing payments between the two halves of the year.

Analysts believe that a 15 per cent rise is likely for the full year and that that will be about average for regional companies.

Unlike other recs, the company has not restated its 1992 figures to take account of changes in coal contracts.

The company said the underlying profits increase was 25 per cent but added it did not expect to see such a high percentage growth for the year as a whole.

Turnover was £437.4m (£408.9m) and earnings 34.1p (23.5p) per share.

The interim dividend is lifted from 6.1p to 7p.

Mr John Roberts, chief executive, said the company added about 90 staff to reach 4,600 in the first half, but added that after cutting 20 per cent of staff since privatisation it was concentrating on improving quality through investment in people and services.

Complaints fell 58 per cent and disconnections dropped by 98 per cent to the lowest rate in the country.

Units distributed grew by 2.14 per cent, or 1.7 per cent weather corrected. Manweb's supply business was helped by the gain of 15 large customers outside the area.

The retail side incurred losses of £500,000, against profits of £200,000.

● COMMENT

Now here is an electricity company with a difference. While other regional companies are falling over themselves to answer the city's demands for job cuts, Manweb calmly announces that its headcount went up marginally in the first half of the year, and sees its shares rise later in the day. If the company pays 24.1p this year, the shares are on a prospective yield of 4 per cent, confirming Manweb as one of the highest rated companies. Investors like the highly personable Mr Roberts and the messages he and his team convey. Other recs have told similar stories on improving customer services but somehow he makes it sound more plausible than most; but what the City really admires is the company's stick-to-basics approach. Manweb may have net cash of £21m but it is not about to follow water companies into dangerous acquisitions and it is the only rec to have eschewed diversification into gas-fired electricity generation. The test of the generation policy will be in the back half of the decade when other companies reap the benefits or suffer the consequences of their diversification. In the meanwhile Manweb is likely to remain a sector favourite.

J Bibby names executive flotation team

J Bibby yesterday named the executive team which will lead the £75m flotation of its paper, scientific and agricultural businesses next year.

Mr Francis Mackay, chief executive of Compass Group, the catering and healthcare company, has been appointed non-executive chairman, while Mr Alan Gresty, Bibby's finance director, will become chief executive.

Mr Mackay, who once said the role of a non-executive was to create maximum embarrassment with minimum effort, led Compass through its 1987 management buy-out from Grand Metropolitan and eventual flotation. Mr Gresty, who has been with Bibby since 1969, will resign as finance director on flotation. He was appointed finance director in 1985, and has been a director of the company's agricultural division since 1979.

Bibby announced plans to float the three divisions in October, in an effort to reduce its £123m debt. Profits were hit and borrowings spiralled after the £82m hostile takeover of Finanzauto, the Spanish Caterpillar distributor, last year.

Barlow Rand, South Africa's largest industrial group, currently owns 79 per cent of Bibby.

Electric & General net assets rise

Net asset value per share of Electric & General Investment increased by 11 per cent to 206.3p as at November 30, against 185.8p six months earlier.

Earnings were 1.97p (1.89p) while the interim dividend is lifted from 1.5p to 1.55p.

Reuters expands with $125m cash acquisition

By David Blackwell

Reuters Holdings, the international news and information group, yesterday announced the acquisition of Teknekron Software Systems for $125.1m (£83.9m) cash.

Teknekron, a software supplier and systems integrator based in Palo Alto, California with a workforce of 200, had turnover last year of $38.7m and pre-tax profits of $8.2m. Net assets at the end of 1992 were $3.6m.

Reuters said the fact that most of the consideration represented goodwill and intangible assets would allow the group to benefit from US tax benefits over 15 years, cutting the net cost of the acquisition considerably. It is acquiring the shares from management, employees and venture capitalists.

Mr Vivek Ranadivé, president and chief executive of Teknekron, said the company's business was aimed at enabling workers "to access all the information assets of their corporate environment."

Mr David Ure, Reuters' executive director for marketing and development, said Teknekron's products were similar to those of Reuters' Triarch, but that Teknekron was supplying markets outside the financial sector, such as the oil and semiconductor manufacturing industries.

Reuters would benefit from Teknekron's technology and wider markets, he said.

The group would in particular be looking at building operating links between the Triarch and Teknekron systems.

Reuters has 212,000 information outlets worldwide, including 350 of the latest digital Triarch systems.

Both Teknekron and Triarch systems are designed to allow the user to access digital information from any source.

Under the deal, which has to clear both the US and UK regulatory authorities, Teknekron will retain operational control of the company.

Two non-executive directors from Reuters will join the Teknekron board. Teknekron's management will also benefit from a stock appreciation plan, similar to a share option scheme.

Mr Ure said Reuters considered it was best to leave Teknekron to operate independently, but the company would benefit from the backing of a large group.

Barriers to entry in the software market were extremely low, he added.

Trio £5.08m in the black

By Catherine Milton

Trio Holdings, the revamped investment trust, yesterday returned to the black with pre-tax profits of £5.08m for the 12 months to September 30, against losses of £68,000 in the previous 15 months.

The company, which last month warned that full year results would not meet market expectations, described the figures as "satisfactory".

"In the event, our results were better than the current market expectations," said Mr David Hagan, chairman.

Turnover was £72.7m, against a nil figure for the previous period. The balance sheet shows net tangible assets at the year end of £17.4m (£1.46m).

Fully diluted earnings per share were 3.93p, compared with losses of 0.85p. The final dividend is 1.5p making 2.5p (nil) for the year.

The results mark the first meaningful full year since the restructuring and the takeover in January of Martin Bierbaum, the moneybroker, which contributed for eight months.

The restructuring was directed by Mr Hagan who in May 1992 was given the job of trying to revitalise a trust which had been brought to the stock market 18 months earlier at 50p per share by Raphael Zorn.

It had been set up as a specialist trust for investors with personal equity plans. But the trust lost its original sense of purpose after rules were changed and was trading at a substantial discount to its then £1.8m of net assets.

Mr Hagan said: "I regard the results as satisfactory but the core of the group's traditional strength is in foreign exchange markets which have been periodically subdued. Nonetheless, we are continuing to implement our programme to revitalise the business."

Chrysalis turns in £14.6m loss

Chrysalis, the music and entertainment group, yesterday announced a full year pre-tax loss of £14.6m, but said it would pay its first dividend since April 1991.

The result for the year to August 31 included £15.5m in trading losses and closure costs at MAM Leisure, the amusement machine arm, and other discontinued businesses.

This compares with a profit of £5.5m last year. The 1992 outcome included £11.6m in gains from the sale of Chrysalis Records to Thorn EMI.

The group has started a new recording division under the Echo label.

Turnover was £73.6m, against £65.9m. A tax credit of £5.6m reduced losses after tax to £9m.

The dividend is 3.25p. Losses per share were 34.44p (earnings 26.02p).

Conrad losses reach £1.48m

Conrad, the Manchester-based sports, leisure and consultancy group, has agreed to pay £1m in cash and shares for Inter Research, a specialist human resource consultancy.

The group also reported a widening of losses from £297,000 to £1.48m pre-tax for the half year to end-June after taking account of an exceptional provision of £527,000.

Turnover totalled £770,000 (£2.82m) and losses per share emerged at 3.26p compared with 1.01p.

At the December 31 year-end, the pre-tax deficit stood at a restated £636,000.

The company has changed its year-end to June 30 to "more sensibly fit" its trading pattern.

Initial consideration for the acquisition of £400,000 will be satisfied via the issue of 7m new shares and £50,000 cash. The £600,000 balance is dependent on performance.

Conrad is also proposing to raise about £410,000 net by the placing of 12.5m new shares at 4p, of which the directors have undertaken to subscribe to 1.8m.

Mr Rodney Walker, chairman, said that for the first time since 1988 "the group as a whole is trading profitably and ahead of budget."

He was confident that Conrad would return to profit in the current year.

Irish bank sells DCC stake

By Tim Coone in Dublin

Bank of Ireland, the principal shareholder in DCC, the private Dublin-based industrial holding company, has sold its 20 per cent stake of 2.7m shares in the company at I£10 (950p) per share to leading fund managers in the UK and Ireland, prior to next year's planned flotation of the company.

DCC began as a venture capital company in 1984, with funding from the Bank of Ireland and other leading Irish institutions.

Mr Pat Molloy, Bank of Ireland's group chief executive, said: "Following DCC's evolution into an industrial holding company, it is no longer appropriate for Bank of Ireland, as a commercial banking group, to retain a shareholding in DCC."

The sale of Bank of Ireland's stake values the total 13.6m DCC shares in issue at I£136m. Last month DCC reported a 59 per cent increase in pre-tax profits to I£6.31m for the six months to September 30 and announced its first interim dividend of 5.52p.

The company said it planned a public flotation next year in May-June or September-October "depending on market conditions".

DCC is 95 per cent owned by institutional investors. Mr Jim Flavin, chief executive, thanked Bank of Ireland for being "a strong, supportive shareholder since 1984" and said "we are pleased to welcome the significant new investors in DCC". These include PDFM, Gartmore Investment and Mercury Asset Management in the UK and IBI nominees and AIB Capital Markets in Ireland.

Europa poised to close merger

By Kenneth Gooding, Mining Correspondent

After a five-month delay, terms for the proposed three-way merger of Europa Minerals, a small UK mining finance house, with Burmine and Austmin Gold, two Australian companies with which it is already closely involved, will soon be announced.

Europa said the Australian Securities Commission has now given approval in principle for its merger with Burmine. When the ASC formally documents its approval, probably next week, "implementation of the merger can go ahead," the UK company said.

First news of the proposed merger was given in July, and in October Europa said terms would be announced that month. In the meantime, another Australian gold producer, Mt Edon, has also bid for Burmine in which it has built a 22.6 per cent stake.

Mt Edon also owns 19.9 per cent of Europa and made an informal approach to the UK group, but was rebuffed. The contest is made even more complex by the fact that Europa already owns 38.5 per cent of Burmine and Austmin holds 19.8 per cent of Europa.

Henry Ansbacher, the UK merchant bank, owns 12.8 per cent of Europa following a poorly-received rights issue of shares that it underwrote last year.

NEWS DIGEST

Burndene static at £5.8m

A second half slowdown left Burndene Investments static for the year to October 2 with profits of £5.8m pre-tax, against £5.78m.

Turnover edged ahead to £59m (£57.1m), of which the UK contribution was unchanged at £46.3m, while western Europe grew from £10.8m to £12.8m.

Results from the group's business areas were mixed with profits from caravan and mobile homes rising to £4.16m (£3.64m) and property to £199,209 (£192,290); the hosiery side, however, dipped to £597,319 (£760,802). Finance and administration costs were down from £1.19m to £838,474.

Earnings per share were 3.73p (3.59p) and the recommended final dividend of 1.25p makes a total for the year in effect 48 per cent higher at 1.75p (1.182p adjusted for scrip).

Bankers Inv Trust asset value up 37%

Bankers Investment Trust increased net asset value by 37 per cent to 183.5p per share over the 12 months to October 31.

Net revenue improved by 14.8 per cent representing earnings per share of 4.23p (3.68p).

The increase was largely attributable to the higher sterling value of unfranked income, up from £3.67m to £4.97m.

The total dividend is raised by 7 per cent to 3.68p via a fourth interim of 0.98p. For the current year a minimum of 3.88p is forecast, an increase of 5.4 per cent.

Losses deepen to £595,000 at Unit

Pre-tax losses at Unit Group widened from £83,000 to £595,000 in the six months to end-September. Turnover fell from £10.1m to £8.51m. Comparisons were restated to conform with FRS 3.

Directors of the USM-quoted maker of timber pallets blamed the fall on a further decline in volumes, coupled with an increase in timber prices which could not be passed on to customers.

In spite of the trading losses, the group continued to reduce borrowings, reflected in a fall in interest charges to £157,000 (£224,000). Losses per share came out at 11p (1.6p).

Waverley losses cut to £46,000

Losses at Waverley Mining Finance, the Edinburgh-based investment company, were trimmed from £58,639 to £46,046 pre-tax for the half year ended September 30.

Losses per share worked through at 0.4p compared with 0.5p.

Eliza Tinsley down to £0.33m

Eliza Tinsley Group, the USM-quoted maker of hardware products, yesterday reported pre-tax profits down from £408,000 to £329,000 for the six months ended September 30 1993.

The result contrasted with a 40 per cent increase in profit to £713,000 for the 1992-93 year.

Turnover in the half year improved from £7.47m to £7.86m but pressure on margins affected the result.

The interim dividend is increased from 1.8p to 1.96p on earnings per share of 2.84p (3.57p).

Mr Andrew Hall is to be co-opted to the board as chief executive in January. Following this, Mr David Fletcher will resign as chairman but stay on the board. Mr Jeremy Sharp, presently chief executive, will become chairman.

Reduced deficit at United Inds

The reorganisation implemented since the arrival in March of Mr Tom Brown as chief executive is beginning to bear fruit at United Industries, the precision spring, materials handling and process machinery group.

Helped by a reduced interest burden, pre-tax losses for the six months to October 2 were reduced to £553,000, against £1.93m. Turnover from continuing operations amounted to £13m (£14.1m).

The outcome was struck after a further exceptional charge of £133,000 for redundancy and reorganisation costs; there was a debit totalling £1.41m last time, largely reflecting losses on the disposal of the cutting tool operation.

Losses per share were cut from 5.23p to 1.48p.

Exceptional leaves Compco in red

Difficulties at one of its joint venture properties, resulting in an exceptional debit of £550,003, left Compco Holdings, the property investment and development concern, with pretax losses of £198,149 for the six months to September 25, against £318,860 profits.

Mr David Pickford, chairman, said that as a result of the difficulties, the value of the group's interest in the joint venture was uncertain and therefore full provision was made.

He added that in the past three months there had been a noticeable increase in activity in the property sector and this improvement in market conditions had been reflected in the recent letting of the majority of vacancies in the group's properties.

Losses were struck after interest payable of £283,756 (£372,364). Per share the deficit was 9.58p, compared with 8.21p earnings.

Abtrust Preferred assets improve

Abtrust Preferred Income Investment Trust raised net asset value per zero dividend preference share to 132.09p at November 30, against 124.94p six months earlier, and from 99.77p to 121.16p per ordinary income share.

After-tax revenue for the half year to end-November more than doubled from £684,000 last time to £1.49m and earnings per share grew from 7.59p to 7.86p.

A second interim dividend of 2.90625p (same) makes an unchanged 5.8125p to date.

Welsh Industrial net assets up 46%

Welsh Industrial Investment Trust reported a 46 per cent rise in net asset value per share to 195.52p as at October 5, against 134.19p a year earlier.

After-tax revenue for the six months dropped from £38,544 to £30,367 and earnings per share were 2.25p (2.86p).

Reliance Security rises to £991,000

Pre-tax profits of Reliance Security, the USM-quoted security provider, rose 10 per cent from £905,000 to £991,000 in the 27 weeks to November 5.

The improvement was struck on turnover marginally ahead from £34.1m to £35.3m and was helped by a reduced loss of £430,000 (£502,000) in the electronic surveillance business.

Mr Brian Kingham, chairman, said that although there were some positive signs, recovery from recession seemed likely to be slow.

The interim dividend is maintained at 1.1p, payable from earnings per share up from 2.7p to 3p.

Kleinwort Charter beats benchmarks

The net asset value of Kleinwort Charter Investment Trust, after deducting prior charges at par, rose by 21 per cent, from 190.66p to 231.13p per share, over the 12 months to November 30.

The increase outperformed rises of 18.5 per cent and 19.7 per cent in the FT-A All-Share Index and the FT-A Europe Index in sterling respectively.

Attributable profits amounted to £4.42m (£4.46m), leaving earnings per share slightly lower at 5.45p (5.51p). The proposed final dividend of 3.9p brings the total for the year to 5.15p, up 3 per cent.

Chelsfield 4.86 times subscribed

Of the 16.13m Chelsfield shares which were placed under the company's offer, valid applications were received in respect of 78.47m shares from 103 intermadiaries, equivalent to £121.6m, making the offer 4.86 times subscribed.

On this basis, the allocation will be 205 ordinary shares for every 1,000 sharee applied for.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Abtrust Prfd	int	2.906★	Jan 31	2.906	-	11.625
Asda	int	0.55†	Apr 5	0.5	-	1.6
Bankers Inv Tst	int	0.98	Feb 28	0.86	3.68	3.44
Burndene Invs	fin	1.25	Feb 16	0.909*	1.75	1.182*
Chrysalis	fin	3.25	Apr 8	nil	3.25	nil
Elect and Gen	int	1.55	Feb 4	1.5	-	3.1
Manweb	int	7	Mar 11	6.1	-	21
Reliance Sec §	int	1.1	Feb 28	1.1	-	4.5
Tinsley (Eliza)		1.96	Feb1	1.8	-	5.45
Trio	fin	1.5	Mar 15	nil	2.5	nil

Dividends shown pence per share net except where otherwise stated. †On increased capital. *Equivalent after allowing for scrip issue. §USM stock. ★ Second interim making 5.8125p to date.

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KPMG to conduct audit probe on Euro Disney

By Alice Rawsthorn in Paris

The Euro Disney banks have appointed KPMG, the accountancy and consulting group, to conduct an investigative audit of the troubled leisure company in preparation for the negotiations over its emergency financial restructuring.

KPMG in Paris yesterday confirmed that it had been appointed by the steering committee which represents the 60 international banks that hold Euro Disney's FFr20.3bn ($3.5bn) net debt.

A team of auditors and consultants from KPMG's French subsidiary has already started work on the audit, which is provisionally scheduled for completion in January.

The audit has been commissioned by the steering committee, which includes 11 of Euro Disney's banks and is headed by Banque Nationale de Paris (BNP) and Banque Indosuez. It is intended to produce a thorough analysis of Euro Disney's present financial situation and its future capital requirements.

The banks last month decided to commission the audit after a meeting in Paris at which representatives of Walt Disney, the US entertainment company that owns 49 per cent of Euro Disney, presented their analysis of the Euro Disney's finances.

A senior French banker on the steering committee said the banks were keen to commission their own audit because of the "dramatic nature" of Euro Disney's difficulties. The group, which recently disclosed a FFr5.3bn net loss for the year ended September, has such severe cash-flow problems that it is expected to run out of money by the end of this year and turn to Walt Disney for support.

Once the audit is completed the steering committee will begin full scale negotiations with Euro Disney and its US parent. The Disney camp has already said that it hopes the banks will agree to halve Euro Disney's debt to roughly FFr10bn through the combination of a debt-for-equity swap and a rights issue.

However, the final composition of the rescue package will be influenced by the impact of Euro Disney's share price on the value of the rights issue.

The shares yesterday fell by FFr0.85 to FFr34.55 on concern about an interview with Mr Philippe Bourguignon, chief executive, in Time magazine in which he said that Euro Disney's future viability would be determined by the outcome of the rescue negotiations.

Senior staff at Matav agree $15m pay-off

By Nicholas Denton in Budapest

Senior managers at Matav, the Hungarian state telecoms group, have taken a leaf out of the western corporate practices book by awarding themselves capacious golden parachutes.

Western telecoms consortia, which are bidding for 30 per cent of Matav, said yesterday that 127 executives at the Hungarian group had teed-up severance packages worth around Ft1.5bn ($15m).

The disclosure comes embarrassingly close to the announcement expected tomorrow that a consortium of Deutsche Telekom of Germany and Ameritech of the US has won the stake in Matav on sale in what is eastern Europe's largest privatisation.

The Hungarian state holding company AV RT informed the competing consortia about the liability on Monday, the day before final offers were due.

Officials told bidders they had only recently discovered the severance arrangements themselves and it is believed that Matav management instituted the generous terms in the last few weeks.

AV RT promised to indemnify the successful consortium against the liability and discussed possible legal action against Matav executives.

The western group which wins Matav takes the right to nominate half of the company's operating committee. Matav's current executives have been nervous about personnel changes.

Under the terms of the contract, the western investor would not, however, have the power to remove Mr Pal Horvath, managing director of Matav.

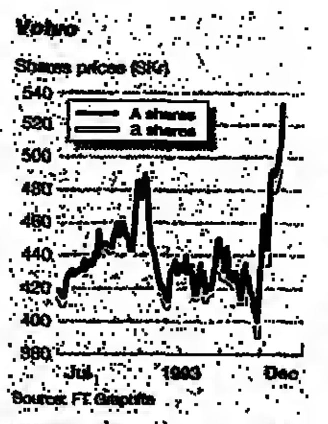
The $15m contingent liability is a relatively moderate sum by western standards and in comparison with the value of the 30 per cent stake in Matav which bids put at about $900m.

But in Hungary a year's basic state pension is a hundredth of the redundancy payment now due to an average Matav executive.

Volvo shares hit record high

By Hugh Carnegy in Stockholm

Volvo's share price hit a record high yesterday as optimistic investors maintained a buying spree that has pushed the group's stock up smartly since it abruptly pulled out of a plan to merge with France's Renault two weeks ago.



The most-traded B share closed yesterday at SKr524 ($62), up SKr15 from Thursday's close of SKr509 and 14 per cent ahead of its level of SKr458 just before the merger collapse was announced on December 2.

The advance was even greater when taken against the price of SKr407 on November 25 when it appeared the merger would be approved by shareholders.

Although stock market sentiment had for weeks favoured a breakdown of the merger, Volvo shares fell significantly in the days following the collapse, touching SKr435 on December 6.

Many had already discounted the deal's failure and others were alarmed by the resignation statement of former chairman Mr Pehr Gyllenhammar. He predicted the end of an existing alliance with Renault and voiced doubts about Volvo's long-term ability to survive.

In the last 10 days, however, the earlier judgment that Volvo will produce better earnings on its own than in league with Renault, where profits are sagging, has reasserted itself.

IBM looks for marketing chief

By Martin Dickson in New York

International Business Machines is understood to be looking for a top marketing executiva from outside the group to run two of its units making consumer products. The executive will spearhead a much stronger drive into the consumer arena by IBM, which in the past has displayed some clumsiness in the field.

The move follows the recent promotion of Mr James Cannavino to become IBM's top corporate strategist. He was previously in charge of four business units - IBM PC, which makes personal computers; Power Personal Systems, which handles the company's new Power PC chip; the RS/6000 division, which makes sophisticated workstations; and the Personal Software Products Division, which sells the company's OS/2 operating software.

Curtain lifts on MGM's new era

Martin Dickson on the studio's attempt to restore its reputation

A pyrotechnically impressive series of explosions booms through the quiet Santa Monica office suite of Mr Frank Mancuso as the new chairman of troubled Metro-Goldwyn-Mayer shows a trailer for one of the film studio's biggest 1994 box office hopes.

The film, called *Blown Away*, is an action adventure, featuring rugged stars Jeff Bridges and Tommy Lee Jones, which pits the leader of a US big city bomb squad against an ingenious bomber.

It is one of a group of new releases which both Mr Mancuso and MGM's French owner, the Crédit Lyonnais banking group, are relying on to restore the tarnished reputation of the loss-making studio.

"We now have a release schedule I'm getting real happy with, starting in May of 1994," says Mr Mancuso, who was appointed chairman by Crédit Lyonnais last July as part of a broad plan to restore MGM to profit and then sell the studio.

The bank found itself the embarrassed owner of MGM in 1992 after foreclosing on loans it had made to Mr Giancarlo Parretti, the Italian financier.

Crédit Lyonnais has to sell MGM by 1997, because under US law a foreign bank which takes control of a US company must divest it within five years. It could, however, retain a minority stake.

Susan Sarandon (left) and Geena Davis of Thelma and Louise

Advised by Mr Michael Ovitz, head of the talent brokerage Creative Artists Agency (CAA) and one of the most influential figures in Hollywood, the bank decided against a quick asset fire-sale. Instead, it is re-building MGM in the belief that a healthy studio will allow it to recoup much more of its investment in the company, which tops $2bn.

That judgment is already looking shrewd: the estimated value of Hollywood studios has risen sharply over the past three months.

As cable television and telecommunications companies jostle for position in preparation for an age of inter-active, multi-media television, they are trying to snatch up film companies to ensure themselves a reliable supply of entertainment "software" to fill their many TV channels.

MGM is a shadow of its former self. However, as one of Hollywood's traditional big seven studios it retains a powerful brand name and an important, though neglected, US film distribution network. It also owns a one third share in United International Pictures, the London-based international distributor, and its film library still contains over 1,500 titles, ranging from the 16 James Bond movies to the hit comedy Thelma and Louise.

In short, MGM could make an attractive meal for a software-hungry communications group, provided Mr Mancuso can start turning out a steady stream of shows which perform well at the box office - and make money.

Mr Mancuso, 60, is a well-connected member of the Hollywood establishment, having spent 30 years with one of the industry leaders, Paramount Pictures, where he was chairman for seven years. He quit in 1991 after a row with the studio's parent, Paramount Communications.

He says the company's problems stem from the unsettling environment of a succession of owners and "tremendous neglect for many years" before the bank took control. This finally "led to a perception in the community [Hollywood] that it wasn't safe to make a movie at MGM".

Crédit Lyonnais has acted to restore financial faith in the business by increasing its credit line to $400m to support expanded production; and by removing some $820m of bank debt from its balance sheet, giving it a healthy debt to equity ratio of 1 to 2.

Mr Mancuso, for his part, has shaken up senior production management, appointing Mr Michael Marcus, a ex-CAA executive, as president of MGM Pictures and Mr John Calley, a former Warner Brothers executive, as head of United Artists, a famous but defunct studio which the company is reviving as a second source of films.

Mr Marcus is likely to produce films with a mass-market entertainment appeal, while Mr Calley will tend towards more cutting edge material.

The group aims to increase its output of films to between 15 and 20 a year, and this, together with deals with producers Polygram and Carolco Pictures, will give it some 25-28 films a year to push through its distribution network, compared to 9 or 10 in recent years.

It is too soon to say whether the burst of activity will produce a run of hits, but on paper the studio has several promising titles for 1994.

Still, in an important display of confidence in MGM's creative abilities, cable television's Showtime Networks, a film channel, recently signed a seven-year deal for exclusive premium television rights to 150 new MGM movies.

MGM reckons the deal could be worth $1bn. "Its a huge additional element of distribution," says Mr Mancuso. "Its as good a deal as anyone has in the business." True or not, its a long time since MGM has had the confidence to compare itself with the best in Hollywood.

BHP turns in 27% advance to A$640m

By Nikki Tait in Sydney

Sharply higher results from steel and lower interest charges offset a decline in earnings from minerals at Broken Hill Proprietary, and allowed Australia's largest industrial company to post a 27.5 per cent improvement to A$640m ($432m) in profits after tax for the six months ending in November.

But the group warned that it would be difficult to sustain this progress in the current six months.

"Profit outlook is sensitive to international commodity prices and these are currently at depressed levels [which]... will make it difficult to maintain the improved profit performance in the second half of the year," said the company.

Moreover, at the operating level, BHP's profits increased by a far more modest 5.9 per cent to A$2.01bn in the first six months. Revenues were up 4.2 per cent.

Commenting on divisional results, BHP said the upturn in the steel division - already marked in the first quarter of the year - was due to lower unit costs, in turn resulting from increased production and the benefit of cost reduction programmes.

Australian domestic steel despatches totalled 2.003m tonnes, a 17 per cent advance over the previous year, and exports reached 1.267m tonnes, a 23 per cent increase. Net profits, before interest, for the division were A$283.2m.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Cocoa slips but bulls undismayed

Cocoa prices wilted under the heat of heavy speculative selling towards the end of the week, although analysts remained bullish about the market's longer term prospects.

After sustaining a £32 fall to £989 a tonne on Thursday the London Commodity Exchange's March futures position yesterday broke through a technical support area around the £980 mark as selling by a US commission house and a UK broker snow-balled into a full-scale bear run. The next support area, at £965 a tonne, was tested, but after a brief dip to £963 a tonne the price bounced to £967 a tonne at the close, down £69 on the week.

The peaceful transition of power this week in the Ivory Coast, the biggest cocoa producer, following the death of veteran President Felix Houphouet-Boigny, had removed one factor that had been helping the market to hold on to recent gains. And sellers received further encouragement from indications that the Ivorians might market next year's mid-crop – harvested between April and June and amounting to about 15 per cent of the total – immediately, rather than with the main crop, as they did this year.

Traders said there was also some profit-taking this week ahead of the publication at the end of the year of European Union report that could recommend the use of more cocoa butter substitutes in the manufacture of chocolate.

Mr Lawrence Eagles, commodity analyst at London broker GNI, said he was still "a long-term bull towards cocoa" but thought the market had "got a bit ahead of itself and attracted a lot of speculative interest". It could fall to about £900 a tonne, he said, but there remained strong buying interest.

The LCE coffee futures market had a tranquil week, with prices locked in a narrow trading range. By yesterday's close the March position had surrendered an earlier $13 rise to end the week $3 down on balance at $1,264 a tonne.

London Metal Exchange contracts built on last week's strong gains on Monday but then succumbed to a heavy bout of profit-taking that left most with net losses on the week.

Zinc traders appeared to put a mildly bullish construction on reports that weekend talks on plans for co-operatively financed European production cuts, though inconclusive, were "encouraging".

But, ironically, Tuesday brought news that the Netherlands' Budel smelter, which had seemed doomed to closure because of environmental problems, had been saved by an eleventh hour deal with national and provincial governments allowing the storage of hazardous, cadmium-containing waste. Budel supplies about 5 per cent of the western world's zinc.

That day saw a sudden reversal in the fortunes of the zinc market, the three months price ending a six-day, $80-a-tonne advance with a $37 fall to $996.50 a tonne. But that fall could be mainly attributed to the sudden evaporation of the general bullish sentiment that had been pervading the LME, and in particular to a sudden sell-off in the aluminium market after a big rise in LME warehouse stocks was reported on Tuesday.

The three months price of zinc edged up $1 over the past two days to end $30.75 down on balance at £987.50 a tonne; while the aluminium price bounced from a mid-week low of $1,087.50 to close yesterday at $1,114.50 a tonne, down $22.25 on the week.

Richard Mooney

LME WAREHOUSE STOCKS
(As at Monday's close) tonnes

Aluminium	+13,175	to 2,434,500
Aluminium alloy	+220	to 48,760
Copper	-1,850	to 586,700
Lead	+525	to 299,375
Nickel	+906	to 121,626
Zinc	+6,875	to 884,350
Tin	-25	to 18,690

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1993 High	1993 Low
Gold per troy oz.	$388.2	+3.45	$337.15	$405.75	$326.05
Silver per troy oz	341.35p	+9.35	241.5p	362.50p	236.00p
Aluminium 99.7% (cash)	$1094	-23	$1221	$1240.00	$1023.50
Copper Grade A (cash)	$1724	+6	$1407.5	$2375.00	$1103.50
Lead (cash)	$467.5	+17.5	$291	$467.50	$361.50
Nickel (cash)	$5285	+115	$5762.5	$6340	$4043.0
Zinc SHG (cash)	$969.0	-31.5	$1049	$1112	$868.0
Tin (cash)	$4797.5	-65	$5672.5	$6047.5	$4340.0
Cocoa Futures Mar	£966	-70	£672	£1061	£663
Coffee Futures Mar	$933		$1030	$1297	$836
Sugar (LDP Raw)	$272.9	+3.1	$212.0	$317.4	$204.5
Barley Futures Mar	£104.75	-1	£131.10	£110.30	£101.50
Wheat Futures Mar	£99.30	-1.4	£134.75	£146.45	£99.30
Cotton Outlook A Index	60.15c	+1.55	54.20c	62.35c	54.15c
Wool (64s Super)	341p	N/C	398p	403p	319p
Oil (Brent Blend)	$13.61x		$18.525	$19.53	$13.62

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Feb.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

[illegible]

PRECIOUS METALS

[illegible]

Precious Metals continued

[illegible]

ENERGY

[illegible]

GRAINS AND OIL SEEDS

[illegible]

SOFTS

[illegible]

MEAT AND LIVESTOCK

[illegible]

LONDON TRADED OPTIONS

[illegible]

LONDON SPOT MARKETS

[illegible]

INDICES

[illegible]

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	121.4300	+0.090	6.74	6.72	6.75
Belgium		9.000	03/03	115.9800	+0.030	6.63	6.62	6.85
Canada *		7.500	12/03	105.4500	+0.050	6.74	6.70	6.88
Denmark		8.000	05/03	112.2200	+0.020	6.24	6.22	5.83
France	BTAN	6.500	05/98	109.5300	-0.210	5.20	6.06	6.08
	OAT	6.750	10/03	107.1400	+0.200	5.80	5.85	5.96
Germany		6.000	09/03	102.1700	+0.220	5.70	5.75	5.81
Italy		9.000	10/03	102.0700	+0.220	6.68†	8.77	9.15
Japan	No 119	4.600	06/99	111.1920	-0.170	2.49	2.49	3.00
	No 157	4.500	06/03	109.7900	-	3.16	3.19	3.56
Netherlands		6.500	04/03	105.5900	+0.090	5.70	5.72	5.75
Spain		10.500	10/03	114.1500	+0.100	8.33	8.31	8.51
UK Gilts		9.750	01/98	114-23	-	5.61	5.69	6.11
		8.000	06/03	112-26	+13/32	6.19	6.34	0.68
		9.000	10/08	123-31	+13/32	0.47	6.61	7.03
US Treasury *		5.750	08/03	99-25	+8/32	5.78	5.68	5.83
		6.250	08/23	99-19	+7/32	6.28	6.17	6.34
ECU (French Govt)		6.000	04/03	112.8200	-0.080	6.15	6.11	6.27

London closing, *New York mid-day. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

[illegible]

FT-ACTUARIES FIXED INTEREST INDICES

[illegible]

FT FIXED INTEREST INDICES

[illegible]

GILT EDGED ACTIVITY INDICES

[illegible]

UK GILTS PRICES

[illegible]

ECONOMIC DIARY – FORWARD EVENTS

TODAY: National savings results (November). Mr Boutros Boutros-Ghali, UN secretary general, arrives in Japan on five-day visit.

TOMORROW: Serbian parliamentary elections.

MONDAY: Quarterly national accounts (third quarter). United Kingdom balance of payments (third quarter). Capital expenditure and stockbuilding (third quarter-revised). Provisional estimates of M4 and counterparts (November). Major British banking groups' monthly statement (November). Building societies monthly figures (November). Meeting of EU foreign ministers in Brussels (until December 21). Summit of Gulf Co-operation Council heads of state in Riyadh. Almost all Swedish air traffic could be paralysed by a threatened strike and possible lockout. Daimler-Benz AG extraordinary general meeting will discuss the merger of Daimler with its holding company Mercedes AG Holding. SKOPBank extraordinary shareholders' meeting in Helsinki.

TUESDAY: Balance of trade with countries outside the EU (November). International banking statistics (third quarter). US capital spending (third quarter). Bosnia's warring factions and presidents of Serbia and Croatia due to resume negotiations on Bosnia's ethnic division. New Zealand parliament reconvenes after November 6 general election. Greek parliament expected to vote on state budget. Deadline for Italian parliament to approve prime minister Carlo Azeglio Ciampi's 1994 austerity budget.

WEDNESDAY: Construction - new orders (October). Institutional investment (third quarter). US gross domestic product (third quarter-final).

THURSDAY: Engineering sales and orders at current and constant prices (October). Provisional figures for vehicle production (November). US durable goods (November). Commonwealth of Independent States is expected to hold summit in Ashgabat, Turkmenistan (until December 24).

FRIDAY: UK Stock Exchange closes (reopens Dec 29). Turkish parliament votes on 1994 budget.

CURRENCIES AND MONEY

MARKETS REPORT

D-Mark up

With the Bundesbank council meeting out of the way and only a handful of economic releases in the next two weeks, most currencies drifted sideways as traders wound down their positions ahead of the year-end, *writes Conner Middelmann.*

Following the Bundesbank's decision to leave its interest rates unchanged, the US dollar continued slipping against the D-Mark, breaking technical support at DM1.7050 and dropping as low as DM1.7025. The dollar was also depressed by talk that central banks were selling dollars as part of their reserve management operations. It ended in London at DM1.7045, down from DM1.7085 on Thursday.

The dollar continued to firm against the Japanese yen, however, hitting a high of Y110.20. It finished at Y110.10, up from Y109.75 at Thursday's close.

"Having breached technical resistance at Y110, the dollar could push towards Y112 towards year-end," said Mr Michael Burke, an economist with Citibank.

Unlike many economists who expect the dollar to rally against the D-Mark in 1994, Mr Burke said he expects it to end the year around DM1.55. That compares with a market average 12-month forecast of around DM1.80, although some economists are calling for a rate as high as DM1.90 by the end of 1994.

"It's astonishing - if everyone is so bullish on the dollar, why isn't it going up?" Mr Burke mused.

He expects the dollar to slip when the first quarter of 1994 shows that the US economy is not as buoyant as many believe. "US incomes don't support an increase in the pace of private-sector consumption, and that will be further slowed by next year's tax hikes," he said. Meanwhile, "it would be perverse for the Fed to tighten while growth remains slow and inflation is falling," he added.

Next week's meeting of the Federal Reserve Open Market *Committee* will be closely watched after an article in yesterday's Washington Post argued that Fed officials do not favour a near-term increase in interest rates as a pre-emptive strike against the possibility of stronger inflation.

● The rate for D-Mark call money firmed as monthly tax outflows and seasonal pressures sucked liquidity out of the banking system. This prompted a liquidity injection by the Bundesbank via its Paragraph 17 facility, under which it lends out government *funds on deposit with the* Bundesbank at market rates. An estimated DM4-6bn were lent out at 6.15 per cent. The call rate traded at 6.15 per cent, up from around 6.05 per cent the previous day.

The D-Mark strengthened slightly against some of its ERM counterparts. It firmed against the French franc to FFr3.419, from FFr3.415 on Thursday. The Danish krone slipped to DKr3.918, from DKr3.912 the previous day.

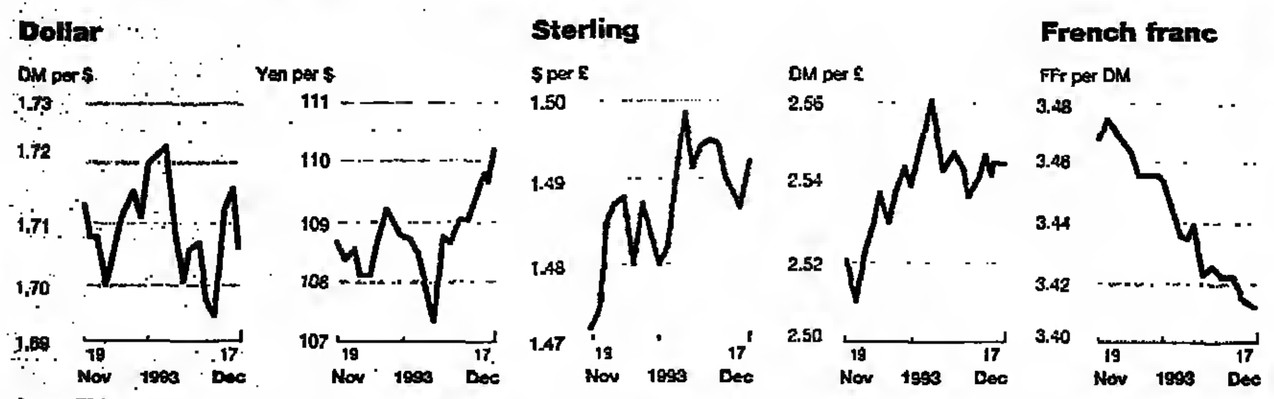
● The sterling money market had a quiet day, leaving the *March short sterling futures* contract unchanged at 94.80. The pound barely changed, finishing at DM2.5425, after DM2.5450 on Thursday.

The Bank of England forecast a £1.75bn shortage but revised that later to £1.4bn. In early operations it purchased bills totalling £1bn, of which £741m were for resale to the market on January 10 at 5 5/8 per cent. In the afternoon it bought £8m of bills and provided late assistance of £420m.

The Bank kept the market tight early in the week to counteract market pressure for a *rate cut*, but "having successfully made its point, the Bank will now begin to be more accommodating," predicted Mr Philip Shaw, group economist at Union Discount.

■ Pound in New York

Dec 17	—Latest—	— Prev. close —
£ spot	1.4895	1.4875
1 mth	1.4862	1.4842
3 mth	1.4813	1.4794
1 yr	1.4689	1.4672



Source: FT Graphite

POUND SPOT FORWARD AGAINST THE POUND

Dec 17		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.90	-	785 - 795	17.95	17.86	17.9106	-0.7	17.9237	-0.5	-	-	114.3
Belgium	(BFr)	53.00	-0.16	295 - 305	53.20	52.95	53.09	-2.0	53.255	-1.9	53.575	-1.1	113.5
Denmark	(DKr)	9.9600	+0.0025	550 - 650	9.9750	9.9550	9.9805	-2.5	10.008	-1.9	10.0748	-1.1	115.7
Finland	(FM)	8.6320	-0.0045	310 - 330	8.6350	8.5950	-	-	-	-	-	-	79.1
France	(FFr)	8.6900	-0.0025	850 - 950	8.7025	8.6725	8.6985	-1.2	8.7156	-1.2	8.7395	-0.6	108.4
Germany	(DM)	2.5425	-0.0025	400 - 450	2.5500	2.5350	2.5444	-0.9	2.5475	-0.8	2.5498	-0.3	123.9
Greece	(Dr)	364.90	+0.5	480 - 520	365.55	364.20	-	-	-	-	-	-	-
Ireland	(I£)	1.0505	+0.001	500 - 510	1.0520	1.0470	1.0511	-0.7	1.0523	-0.7	1.0563	-0.6	102.4
Italy	(L)	2512.25	-0.5	175 - 275	2517.75	2506.75	2516.1	-2.8	2530.5	-2.8	2583.9	-2.9	75.9
Luxembourg	(LFr)	53.00	-0.15	295 - 305	53.20	52.95	53.09	-2.0	53.255	-1.9	53.575	-1.1	113.5
Netherlands	(Fl)	2.8475	-	425 - 525	2.8525	2.8400	2.8482	-0.3	2.8495	-0.3	2.8457	0.1	119.2
Norway	(NKr)	11.0375	-0.0175	325 - 425	11.0550	11.0225	11.0435	-0.7	11.0475	-0.4	11.0377	0.0	85.9
Portugal	(Es)	259.50	-0.75	900 - 000	260.50	259.00	260.905	-6.5	263.345	-5.9	-	-	-
Spain	(Pta)	208.95	-0.55	880 - 810	209.75	208.80	209.595	-3.6	210.71	-3.4	216.115	-3.4	85.1
Sweden	(SKr)	12.4975	+0.005	925 - 025	12.5400	12.4650	12.522	-2.4	12.553	-1.8	12.6835	-1.5	72.8
Switzerland	(SFr)	2.1675	-0.005	625 - 725	2.1775	2.1625	2.1654	1.2	2.1618	1.1	2.1402	1.3	117.3
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	81.6
Ecu	-	1.3176	-0.001	170 - 180	1.3200	1.3160	1.3188	-1.2	1.321	-1.1	1.3257	-0.6	-
SDR†	-	0.931198	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4870	+0.005	865 - 875	1.4880	1.4825	-	-	-	-	-	-	-
Brazil	(Cr)	419.55	+7	950 - 960	420.00	413.50	-	-	-	-	-	-	-
Canada	(C$)	1.9955	+0.013	950 - 960	1.9980	1.9816	1.9925	1.9	1.9885	1.4	1.9818	0.7	90.6
Mexico	(New Peso)	4.6250	+0.011	235 - 265	4.6290	4.6170	-	-	-	-	-	-	-
USA	($)	1.4910	+0.002	905 - 915	1.4930	1.4860	1.4877	2.7	1.483	2.2	1.4708	1.4	67.0
Pacific/Middle East/Africa													
Australia	(A$)	2.1980	-0.006	970 - 990	2.2195	2.1900	2.1961	1.1	2.1941	0.7	2.1944	0.2	-
Hong Kong	(HK$)	11.5070	+0.0315	065 - 075	11.5200	11.4800	11.4844	2.4	11.4519	1.9	11.3722	1.2	-
India	(Rs)	46.70	+0.1	665 - 675	46.80	46.60	-	-	-	-	-	-	-
Japan	(Y)	164.25	+0.75	375 - 475	164.75	162.60	163.775	3.5	162.925	3.2	159.205	3.1	178.1
Malaysia	(M$)	3.7975	+0.0105	965 - 985	3.8015	3.7900	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6540	+0.008	525 - 555	2.6600	2.6500	2.6575	-1.6	2.6596	-0.8	2.6608	-0.3	-
Philippines	(Peso)	41.70	+0.15	165 - 175	41.76	41.60	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5910	+0.005	855 - 965	5.6000	5.5825	-	-	-	-	-	-	-
Singapore	(S$)	2.3720	+0.0055	715 - 725	2.3740	2.3680	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0420	+0.017	410 - 430	5.0475	5.0240	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.6500	+0.0615	450 - 550	6.6710	6.5500	-	-	-	-	-	-	-
South Korea	(Won)	1207.50	+4	740 - 760	1208.85	1204.40	-	-	-	-	-	-	-
Taiwan	(T$)	39.65	-	960 - 970	39.75	39.55	-	-	-	-	-	-	-
Thailand	(Bt)	37.90	+0.1	785 - 795	37.95	37.80	-	-	-	-	-	-	-

†SDR rate for Dec 16. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 17		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Morgan G'ty chges %
Europe													
Austria	(Sch)	11.9975	-0.0275	950 - 000	12.0225	11.9950	12.0225	-2.5	12.0675	-2.3	12.1625	-1.4	+18.29
Belgium	(BFr)	35.55	-0.15	550 - 560	35.70	35.50	35.69	-4.7	35.915	-4.1	36.43	-2.5	-0.20
Denmark	(DKr)	6.6800	-0.0075	775 - 825	6.7000	6.6750	6.7095	-5.3	6.7495	-4.2	6.85	-2.5	+10.48
Finland	(FM)	5.7890	-0.025	880 - 900	5.8025	5.7785	5.8052	-3.4	5.8285	-2.7	5.8885	-1.7	-
France	(FFr)	5.8275	-0.01	250 - 300	5.8475	5.8200	5.8462	-3.9	5.8785	-3.4	5.9415	-2.0	-7.34
Germany	(D)	1.7045	-0.004	040 - 050	1.7100	1.7025	1.7095	-3.6	1.7172	-3.0	1.733	-1.7	+31.41
Greece	(Dr)	245.00	-0.3	480 - 520	245.50	244.50	249	-19.6	257	-19.6	292	-19.2	-
Ireland	(I£)	1.4200	+0.001	195 - 205	1.4215	1.4150	1.4159	3.5	1.4095	3.0	1.3923	2.0	-
Italy	(L)	1685.00	-2.5	475 - 525	1691.50	1683.50	1692.7	-5.5	1708.4	-6.1	1755.75	-4.2	-37.90
Luxembourg	(LFr)	35.55	-0.15	550 - 560	35.70	35.50	35.69	-4.7	35.915	-4.1	36.43	-2.5	-0.20
Netherlands	(Fl)	1.9090	-0.004	085 - 095	1.9150	1.9070	1.9135	-2.9	1.92	-2.3	1.9322	-1.2	+21.23
Norway	(NKr)	7.4025	-0.0225	000 - 050	7.4250	7.3975	7.4212	-3.0	7.4442	-2.3	7.5062	-1.4	-17.93
Portugal	(Es)	174.05	-0.7	400 - 410	174.75	174.00	175.295	-8.8	177.5	-7.9	185.3	-6.5	-
Spain	(Pta)	140.10	-0.6	005 - 015	141.00	140.00	140.85	-6.4	142.065	-5.6	146.4	-4.5	-
Sweden	(SKr)	8.3825	-0.0075	800 - 850	8.4300	8.3750	8.4165	-4.9	8.4625	-3.8	8.619	-2.8	-39.25
Switzerland	(SFr)	1.4545	-0.005	540 - 550	1.4620	1.4540	1.4563	-1.5	1.4585	-1.1	1.4558	-0.1	+26.81
UK	(£)	1.4910	+0.002	905 - 915	1.4930	1.4860	1.4877	2.7	1.483	2.2	1.4708	1.4	-28.13
Ecu	-	1.1320	+0.0025	315 - 325	1.1330	1.1285	1.1284	3.9	1.1229	3.2	1.1088	2.0	-
SDR†	-	1.38255	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9980	-	975 - 985	0.9985	0.9970	-	-	-	-	-	-	-
Brazil	(Cr)	281.65	+3.9	160 - 170	281.70	281.50	-	-	-	-	-	-	-
Canada	(C$)	1.3380	+0.0065	375 - 385	1.3400	1.3330	1.3389	-0.6	1.3406	-0.7	1.347	-0.7	-11.23
Mexico	(New Peso)	3.1050	-0.001	040 - 060	3.1080	3.1035	3.1067	-0.7	3.1108	-0.7	3.125	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	-10.10
Pacific/Middle East/Africa													
Australia	(A$)	1.4755	-0.0075	750 - 760	1.4910	1.4705	1.4767	-1.0	1.4798	-1.2	1.4881	-0.9	-48.37
Hong Kong	(HK$)	7.7255	+0.0005	250 - 260	7.7260	7.7240	7.7272	-0.3	7.729	-0.2	7.7355	-0.1	-
India	(Rs)	31.3675	+0.0025	650 - 700	31.3700	31.3650	31.4475	-3.1	31.6525	-3.6	-	-	-
Japan	(Y)	110.10	+0.35	005 - 015	110.25	109.30	110.025	0.8	109.8	1.1	108.175	1.7	+118.38
Malaysia	(M$)	2.5495	-	490 - 500	2.5500	2.5485	2.5537	-2.0	2.563	-2.1	2.6045	-2.2	-
New Zealand	(NZ$)	1.7820	+0.0005	810 - 830	1.7875	1.7800	1.7833	-0.9	1.7863	-1.0	1.7945	-0.7	-
Philippines	(Peso)	28.00	-	795 - 805	28.30	27.70	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7535	-0.007	500 - 570	3.7570	3.7490	3.7593	-1.9	3.769	-1.7	3.786	-0.9	-
Singapore	(S$)	1.5925	-0.0005	920 - 930	1.5950	1.5915	1.5921	0.3	1.5913	0.3	-	-	-
S Africa (Com.)	(R)	3.3850	+0.002	845 - 855	3.3860	3.3770	3.3955	-3.7	3.425	-4.7	3.535	-4.4	-
S Africa (Fin.)	(R)	4.4650	+0.03	600 - 700	4.4800	4.4000	4.495	-8.1	4.553	-7.9	-	-	-
South Korea	(Won)	810.65	+0.5	060 - 070	810.70	810.10	813.65	-4.4	817.15	-3.2	835.65	-3.1	-
Taiwan	(T$)	26.60	-0.1	655 - 665	26.65	26.65	26.665	-2.9	26.805	-3.1	-	-	-
Thailand	(Bt)	25.45	-	540 - 550	25.50	25.35	25.485	-0.7	25.495	-0.7	25.78	-1.2	-

†SDR rate for Dec 16. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Dec 16. Base average 1980/82=100.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

EMS EUROPEAN CURRENCY UNIT RATES

■ D-MARK FUTURES (IMM) DM 125,000 per DM

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

■ STERLING FUTURES (IMM) £62,500 per £

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

WORLD INTEREST RATES

MONEY RATES

EURO CURRENCY INTEREST RATES

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

UK INTEREST RATES

LONDON MONEY RATES

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

BASE LENDING RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which *no* business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ϕ Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £140
Exchequer 10½% Stk 2005 - £132¾ (14De93)
Guaranteed Export Finance Corp PLC 12⅞% Gtd Ln Stk 2002(Reg) - £140½ (15De93)
Guaranteed Export Finance Corp PLC 12⅞% Gtd Ln Stk 2002(Br£10000&100000) - £143ϕ

Corporation and County Stocks

London County 2½% Cons Stk 1920(or after) - £32½ (14De93)
Birmingham District Council 11½% Red Stk 2012 - £138
Islington Corp 12.85% Red Stk 2007 - £132½
Manchester Corp 1891 3% Red Stk 1941(or after) - £39 (14De93)
Nottingham Corp 3% Stk (Irrd) - £41½ (14De93)
Reading Corp 3% Stk 1962(or after) - £40½ (14De93)

UK Public Boards

Agricultural Mortgage Corp PLC 5½% Deb Stk 93/95 - £99 (14De93)

Foreign Stocks, Bonds, etc-(coupons payable in London)

Greece,(Kingdom of) 4% Rai Ln 1902(Assd with Accept Cert) - £30 (14De93)
A.M.P.(U.K.) PLC 13% Bds 2015 (Br £5000&100000) - £157⅛
A.M.P.(U.K.) PLC 11½% Bds 2001 (Br £1000,10000&100000) - £126⁷⁄₁₆ (15De93)
Abbey National Sterling Capital PLC10⅜% Subord Gtd Bds 2002 (Br £ Var) - £120⅞
Abbey National Sterling Capital PLC11½% Subord Gtd Bds 2017 - £138 (10De93)
Abbey National Treasury Servs PLC 5⅝% ...

Lewis (John) PLC 10¾% Bds 2006(Br£1000&10000) - £121½ (15De93)
Lloyds Bank PLC 8⅝% Subord Bds 2023 (Br £ Var) - £120¼ (14De93)
Lloyds Bank PLC 11⅛% Subord Serial Nts 1998(Br£10000) - £112½ (14De93)
MEPC PLC 10¾% Bds 2003(Br£1000&10000) - £115¾ (15De93)
Morgan Guaranty Tst Co of New York 12⅝% Dep Nts 1994(Br£1000&10000) - £100½ (14De93)
National Power PLC 10⅝% Bds 2001 (Br £10000&100000) - £121⅝ .65
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Reg - £127⅛ ⅞
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Br - £128 (14De93)
Nationwide Building Society 8⅝% Subord Nts 2018 (Br £ Var) - £108.7 ⅛ 7 ⅛
Nationwide Building Society Zero Cpn Nts 1998 (Br £ Var) - £74.45
Nippon Telegraph and Telephone Corp10⅞% Bds 2001 (Br £1000&10000) - £123⅞ (10De93)
Norway (Kingdom of) 7.25% Nts 1998(Br $C Vars) - $C104.67 104¾ (13De93)
Norway (Kingdom of) 10½% Nts 1994 (Br£1000,10000&100000) - £100⅝ (14De93)
PCO Finance Ld 8% Cnv Bds 2005 (Br£5000) - £90 (10De93)
Pacific Electric Wire&Cable Co Ld 3¾% Bds 2001(Br$10000) - $124 124¼ (14De93)
Peninsular & Oriental Steam Nav Co 4¾% Cnv Bds 2002(Br£1000&10000) - £132 (13De93)
PepsiCo Capital Corp NV Zero Cpn Ord Nts 1994(Br$1000) - $99⅛ (14De93)
PowerGen PLC 8⅞% Bds 2003 (Br £10000&100000) - £112⅝ (10De93)
RTZ Canada Inc 7¾% Gtd Bds 1998(Br£5000&100000) - £104½ (14De93)
Rolls-Royce PLC 11⅝% Nts 1998 (Br £1000&10000) - £119⅛ ½ (15De93)
Royal Bank of Scotland PLC 9½% Undated Subord Bds (Br £ Var) - £112⅞
Royal Bank of Scotland PLC 10.5% Subord ...

...
International Bank for Rec & Dev 8¼% Bds 2007 (Br£5000) - £122.1375
International Bank for Rec & Dev 10⅜% Nts 1999 (Br£5000) - £119 ½ (14De93)
International Bank for Rec & Dev 11% Nts 1994(Br£5000) - £105¼ (14De93)
International Bank for Rec & Dev 11⅛% Nts 2001(Br£1000&10000) - £125⅝ (13De93)
Italy(Republic of) 10½% Bds 2014 (Br£10000&50000) - £130⅛ (14De93)
Kansai Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £104⅞ (13De93)
Ladbroke Group PLC 5⅛% Subord Cnv Bds 2004(Br£1000&5000) - £132¼ (15De93)
Land Securities PLC 6¾% Cnv Bds 2002(Br£1000) - £115½
Land Securities PLC 9⅜% Cnv Bds 2004 (Br£5000&50000) - £129¾ (10De93)
Lasmo PLC 7¾% Cnv Bds 2005(Br£1000&10000) - £91 2 (10De93)
Leeds Permanent Building Society 7½% Nts 1997(Br£Var) - £105⅞ (15De93)
Leeds Permanent Building Society 10½% Subord Bds 2018 (Br £Var) - £126⅞ 7⅛
Leeds Permanent Building Society Collared FltgRteNts 2003(Reg Multi£1000) - £100¼ (13De93)

Listed Companies(excluding Investment Trusts)

AAH PLC 4.2% Cum Prf £1 - 54 (10De93)
ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Reg Units 100p) - £95½
ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Br £Var) - £95⅜ 96¼ (10De93)
Aberdeen Trust PLC A Wts to Sub for Ord - 40
Aetna Malaysian Growth Fund(Cayman)Ld Ord $0.01 - £12½ϕ 12.7ϕ
Aitken Hume International PLC 7% (Net) Cnv Cum Red Prf £1 - 93 (13De93)
Albert Fisher Group PLC ADR (10:1) - $9.63
Alexander & Alexander Services Inc Shs of Class C Com Stk $1 - £10 11⅞ (15De93)
Alexanders Hldgs PLC "A"(RstV)Ord 10p - 15 (10De93)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 69
Allied-Lyons PLC ADR (1:1) - $9.33
Allied-Lyons PLC 5½% Cum Prf £1 - 64
Allied-Lyons PLC 7½% Cum Prf £1 - 65 (14De93)

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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هكذا من الأصل

LONDON STOCK EXCHANGE

MARKET REPORT

Powerful close to a successful week for shares

By Terry Byland, UK Stock Market Editor

A highly successful week on the London stock market closed last night with market indices powering through to new peaks in heavy trading as investors looked for a base rate cut in the very near future. Stock Index futures continued to lead equities, attention switching to the March contract as December expired.

Share prices opened higher and, with the exception of a few turbulent moments around 10.15 am when the stock index future expired, moved ahead steadily to the day's peak of 3,350.8, a new intra-day high. Strength in other European bourses strengthened conviction that the Bundesbank will lead interest rates lower across Europe in the New Year.

The final reading put the FT-SE at a new closing peak of 3,337.1 for a net gain of 25.9 on the day. This week, the first leg of the three-week Christmas account in equities, has seen a gain of around 2.3 per cent in the Footsie, with new peaks reached almost daily.

Investors have become increasingly convinced that, with domestic inflation still subdued and economic recovery apparently under way, interest rates will be soon be reduced from the present 5.5 per cent to 5 per cent and perhaps lower. Confidence has been buttressed this week by the latest statistics on domestic inflation and unemployment.

The FT-SE Mid 250 Index, the indicator of broader-ranging investment interest, also extended this week's gains, closing yesterday at a new peak of 3,691.7, up 17.6.

Seaq volume jumped to 1,015.6m shares, just under the total for session following the November Budget. On Thursday, Seaq volume of 923.3m shares was worth £1.86bn in retail business in equities. Retail, or genuine customer business, regarded as the most genuine guide to stock market health and profitability, has already exceeded £6.5bn this week, with Friday's total yet to come; this ensures it a place among the most successful trading weeks of the year.

Although turnover was swollen yesterday by the final burst of activity between blue chip shares and stock index futures, there was no gainsaying the optimistic mood of the stock market.

The squeeze on marketmakers' positions continued, although pressures are expected to ease now that the stock index futures expiry is out of the way. Once again, the strongest rises came yesterday from shares in the merchant banks, which are active participants in securities markets. Lending banks were also in demand again as dividend growth prospects reflected the rapidly improving health of their loan books. Gains in bank stocks have been resumed after a pause for profit-taking.

A firm opening to the new Wall Street session, bringing a gain of 14 Dow points in UK trading hours, confirmed a good performance by the blue chip internationals. Pharmaceutical stocks were in favour while hopes for a rate cut in Germany soon brought buyers in for some construction stocks.

Store shares, however, continued to underperform, with the exception of Kingfisher, which responded well to the trading statement from Darty, the French electrical retailing subsidiary acquired last February.

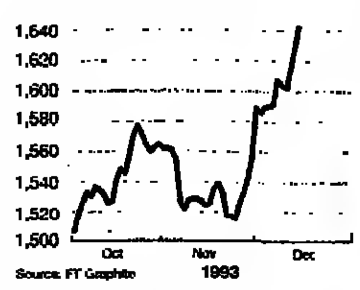
In government bonds, short dates again eased but the longer dates extended early gains to close around ⅛ higher. Index-linked bonds were a shade firmer.

Account Dealing Dates

*First Dealings:	Nov 29	Dec 13	Jan 4
Option Declarations:	Dec 9	Dec 30	Jan 13
Last Dealings:	Dec 10	Dec 31	Jan 14
Account Day:	Dec 20	Jan 10	Jan 24

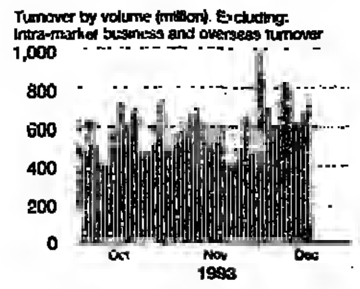
*New time dealings may take place from two business days earlier.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ **Key indicators**

Indices and ratios		
FT-SE Mid 250	3691.7	+17.6
FT-SE-A 350	1661.6	+11.8
FT-A All-Share	1640.19	+11.62
FT-A All-Share yield	3.46	(3.49)
FT Ordinary Index	2505.1	+9.1
FT-A 500 p/e	21.48	(21.33)
FT-SE 100 Fut Dec	3345.0	+32.0
10 yr Gilt yield	6.19	(6.24)
Yield ratio	1.94	(1.93)

FT-SE 100 Index	
Closing index for Dec 17	3337.1
Change over week	+75.8
Dec 16	3311.2
Dec 15	3278.8
Dec 14	3248.4
Dec 13	3254.6
High*	3350.8
Low*	3243.3

*Intra-day high and low for week

TRADING VOLUME

■ **Major Stocks yesterday**

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
[illegible]				[illegible]			
ICI†	960	767½	+7½	Vodafone†	1,400	[illegible]	+4
Inchcape†	1,800	550	-11	Warburg (SG)†	647	888	+15
Johnson Matthey	290	525	+18	Wellcome†	5,300	655	+24
Kingfisher†	4,400	717	+7	Welsh Water	188	715	-15
Kwik Save	1,200	586	+9	Wessex Water	126	704	-9
Ladbroke†	5,200	159	+1	Whitbread 'A'†	412	581	+3
Land Securities†	850	795	+8	Williams Hldgs.†	1,400	359	+2
Laporte	211	718	+6	Willis Corroon	3,200	210	-8
Legal & General†	2,400	501	-4	Wimpey	1,100	189	+2
Lloyds Abbey	1,500	414	+2	Wolseley†	613	873	+8
Lloyds Bank†	3,000	645	+15	Yorkshire Elect.	1,300	688	+16
LASMO†	3,700	117	+1½	Yorkshire Water	884	614	-10
London Elect.	1,200	665	+8	Zeneca†	1,900	785	+3

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. †Indicates an FT-SE 100 Index constituent.

EQUITY FUTURES AND OPTIONS TRADING

Expiry of the December contract on the FT-SE 100 futures drove the underlying cash market forward as dealers fought to close out their positions by the 10.30am deadline, writes *Peter John*.

Position-taking saw the cash index soar nearly 40 points by the time the contract started to expire at 10.10 am. The contract itself was very volatile, see-sawing between a discount of three points to the cash and a premium of six points. There was an attempt to force cash and the futures up to a meeting point of 3,350 but during the 20 minutes in which an average expiry price is calculated the underlying market was forced back down by 10 points and final expiry was set at 3,345.

Many dealers had to use the cash market to square their books because of the very high premium of the March contract. By the close of official dealing March was at 3,355 with some 18,700 lots traded.

Traded options turnover was high at 53,187 lots.

■ **FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point**

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3338.5	3345.0	+32.0	3350.0	3328.0	6813	19350
Mar	3362.0	3380.0	+17.0	3380.0	3348.5	18789	61458
Jun	3377.0	3372.0	+18.0	3377.0	3366.0	13	983

Contract traded on APT. Open interest figures are for previous day.

■ **FT-SE 100 INDEX OPTION (LIFFE) (*3337) £10 per full index point**

	3000	3050	3100	3150	3200	3250	3300	3350
	C P	C P	C P	C P	C P	C P	C P	C P
Dec	[illegible]							
Jan	[illegible]							
Feb	[illegible]							
Mar	[illegible]							
Jun†	[illegible]							

Calls 16,264 Puts 12,165

■ **EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point**

	2925	2975	3025	3075	3125	3175	3225	3275
	C P	C P	C P	C P	C P	C P	C P	C P
Dec	[illegible]							
Jan	[illegible]							
Feb	[illegible]							
Mar	[illegible]							
Jun†	[illegible]							

Calls 4,003 Puts 6,361 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1992 based on Friday December 17 1993

Gold Mines Index	+267.46	Transport	+28.37	Hotels & Leisure	+16.61
Property	+82.29	FT-SE Mid 250 ex IT	+28.15	Insurance (Composite)	+16.50
Merchant Banks	+74.11	[illegible]	[illegible]	Conglomerates	+15.40
Metals & Metal Forming	+59.86	Oil & Gas	+26.83	"500" Share Index	+15.08
Banks	+57.66	Engineering-General	+26.17	Industrial Group	+13.79
Electricity	+57.05	Water	+25.47	Business Services	+12.25
Building Materials	+56.91	Telephone Networks	+24.99	Chemicals	+10.95
Engineering-Aerospace	+56.64	Other Groups	+23.38	Other Industrials	+10.19
Contracting, Construct	+50.95	Packaging, Paper, Print	+20.79	Textiles	+7.50
Financial Group	+48.37	FT-A All-Share	+20.27	Insurance Brokers	+7.27
Investment Trusts	+40.31	Stores	+19.93	Food Manufacturing	+4.52
FT-SE SmallCap	+32.30	FT-SE-A 350	+19.66	Consumer Group	+2.31
Media	+31.98	Electricals	+17.64	Brewers & Distillers	-0.79
FT-SE SmallCap ex IT	+29.07	Insurance (Life)	+17.34	Health & Household	-13.73
FT-SE Mid 250	+28.95	FT-SE 100	+17.24	Food Retailing	-17.96
Capital Goods	+28.48	Electronics	+16.94		

FT-SE Actuaries Share Indices — The UK Series

	Dec 17	Day's chge%	Dec 16	Dec 15	Dec 14	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1993 High		1993 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	3337.1	+0.8	3311.2	3278.8	3248.4	2789.7	3.53	5.24	23.73	97.18	1222.11	3337.1	17/12	2737.0	19/1	3337.1	17/12/93	986.9	23/7/84
FT-SE Mid 250	3691.7	+0.5	3674.1	3631.5	3614.3	2783.6	3.32	5.18	23.78	95.10	1338.15	3691.7	17/12	2878.3	13/1	3691.7	17/12/93	1379.4	21/1/86
FT-SE Mid 250 ex Inv Trusts	3683.9	+0.4	3667.6	3625.0	3607.8	2797.5	3.43	5.52	22.39	97.74	1330.96	3683.9	17/12	2874.6	1/1	3683.9	17/12/93	1378.3	21/1/86
FT-SE-A 350	1661.6	+0.7	1649.8	1633.0	1619.5	1358.7	3.49	5.22	23.74	47.14	1246.13	1661.0	17/12	1348.7	19/1	1661.6	17/12/93	664.5	14/1/86
FT-SE SmallCap	1804.33	+0.7	1791.77	1782.47	1781.96	-	3.04	3.96	33.78	43.20	1367.88	1805.69	29/10	1377.88	4/1	1806.69	29/10/93	1363.79	31/12/92
FT-SE SmallCap ex Inv Trusts	1760.21	+0.7	1748.55	1741.11	1742.11	-	3.29	4.49	30.61	45.49	1336.67	1788.35	22/10	1380.06	4/1	1788.35	22/10/93	1363.79	31/12/92
FT-A ALL-SHARE	1640.19	+0.7	1628.57	1612.46	1599.89	1333.41	3.46	5.14	24.17	48.11	1251.89	1640.19	17/12	1330.15	19/1	1640.19	17/12/93	61.92	13/12/74

■ **FT-Actuaries All-Share**

	Dec 17	Day's chge%	Dec 16	Dec 15	Dec 14	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1993 High		1993 Low		Since Compilation High		Since Compilation Low	
1 CAPITAL GOODS(214)	1125.29	+0.7	1117.20	1100.28	1094.99	847.27	3.45	3.88	33.15	32.79	1339.13	1125.29	17/12	888.89	13/1	1125.29	17/12/93	50.71	13/12/74
2 Building Materials(28)	1394.96	+1.1	1379.84	1344.49	1334.85	865.78	3.23	2.66	52.27	35.60	1635.81	1394.96	17/12	882.68	12/1	1394.96	17/12/93	44.27	11/12/74
3 Contracting, Construction(29)	1115.94	+0.7	1108.65	1093.55	1086.68	706.64	2.65	1.14	80.00†	25.21	1581.34	1115.94	17/12	716.61	20/1	1961.50	16/7/87	71.48	2/12/74
4 Electricals(15)	3015.61	+0.4	3004.30	3007.88	2972.73	2424.22	4.48	3.51	34.98	107.79	1236.05	3191.58	9/8	2533.89	13/1	3191.58	9/8/93	84.71	25/6/62
5 Electronics(38)	2753.05	+0.4	2743.08	2717.33	2716.16	2316.15	3.22	6.26	19.16	83.63	1216.75	3008.52	31/8	2304.14	18/1	3008.52	31/8/93	1229.01	8/10/85
6 Engineering-Aerospace(7)	464.55	-0.5	466.93	464.00	461.04	288.69	3.12	‡	‡	12.12	1629.46	474.05	20/11	294.58	19/1	502.42	13/6/90	243.47	24/11/92
7 Engineering-General(49)	647.69	+0.7	643.11	641.62	639.54	487.73	3.34	5.26	23.18	16.79	1308.85	647.69	17/12	519.76	12/1	647.69	17/12/93	339.57	23/1/91
8 Metals & Metal Forming(9)	516.28	+1.7	507.71	502.33	502.36	311.70	2.31	0.65	80.00†	9.76	1644.91	516.28	17/12	319.37	5/1	596.67	9/10/87	49.65	6/1/75
9 Motors(20)	[illegible]																		
10 Other Industrials(35)	[illegible]																		
21 CONSUMER GROUP(236)	[illegible]																		
22 Brewers and Distillers(29)	[illegible]																		
25 Food Manufacturing(24)	[illegible]																		
26 Food Retailing(17)	[illegible]																		
27 Health & Household(31)	[illegible]																		
29 Hotels and Leisure(20)	[illegible]																		
30 Media(34)	[illegible]																		
31 Packaging and Paper(25)	[illegible]																		
34 Stores(39)	[illegible]																		
35 Textiles(20)	[illegible]																		
40 OTHER GROUPS(144)	[illegible]																		
41 Business Services(27)	[illegible]																		
42 Chemicals(24)	[illegible]																		
43 Conglomerates(11)	[illegible]																		
44 Transport(16)	[illegible]																		
45 Electricity(16)	[illegible]																		
46 Telephone Networks(4)	[illegible]																		
47 Water(13)	[illegible]																		
48 Miscellaneous(33)	[illegible]																		
49 INDUSTRIAL GROUP(497)	[illegible]																		
51 Oil & Gas(17)	[illegible]																		
59 "500" SHARE INDEX(814)	1746.26	+0.7	1734.89	1715.24	1701.64	1484.82	3.54	5.71	21.48	50.04	1197.91	1746.26	17/12	1474.32	19/1	1746.26	17/12/93	63.49	13/12/74
61 FINANCIAL GROUP(91)	1304.25	+1.0	1291.61	1287.95	1280.10	857.37	3.34	3.08	47.74	35.97	1549.64	1304.25	17/12	869.79	13/1	1304.25	17/12/93	55.88	13/12/74
62 Banks(9)	1890.33	+1.5	1862.56	1853.31	1841.06	1155.70	2.88	3.52	38.33	47.01	1644.91	1890.33	17/12	1183.93	13/1	1890.33	17/12/93	62.44	12/12/74
65 Insurance (Life)(6)	2077.45	-0.4	2084.83	2139.44	2109.70	1759.15	4.42	4.61	27.30	73.50	1227.73	2238.04	1/12	1724.99	13/1	2238.04	1/12/93	44.88	2/1/75
66 Insurance (Composite)(7)	735.77	-0.1	736.83	734.03	724.41	635.63	4.58	‡	‡	26.54	1223.83	764.01	11/10	617.22	19/1	788.11	29/12/89	43.96	13/12/74
67 Insurance Brokers(10)	834.91	-1.0	843.13	842.33	843.57	779.35	4.83	5.00	29.18	30.41	1122.02	958.50	10/8	761.21	28/4	1399.58	17/7/87	65.88	16/12/74
68 Merchant Banks(6)	878.44	+2.3	858.75	851.80	851.85	469.42	2.68	6.62	18.53	18.79	1801.70	878.44	17/12	505.48	11/1	878.44	17/12/93	31.21	7/1/75
69 Property(30)	1172.53	+0.4	1167.44	1155.98	1160.83	637.82	3.49	3.29	41.02	32.41	1904.90	1172.53	17/12	638.39	5/1	1358.87	5/9/89	66.91	20/4/65
70 Other Financial(23)	478.43	+1.4	471.84	466.45	465.57	288.39	3.41	5.27	24.97	11.99	1638.31	478.43	17/12	297.66	13/1	603.48	16/7/87	33.29	17/12/74
71 Investment Trusts(110)	1881.63	+0.8	1866.80	1846.84	1838.82	1292.18	2.18	1.76	58.97	32.98	1441.98	1881.63	17/12	1321.21	11/1	1881.63	17/12/93	71.12	13/12/74
99 FT-A ALL-SHARE(815)	1640.19	+0.7	1628.57	1612.46	1599.89	1333.41	3.46	5.14	24.17	48.11	1251.89	1640.19	17/12	1330.19	19/1	1640.19	17/12/93	61.92	13/12/74

■ **Hourly movements**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3329.7	3343.1	3344.3	3335.9	3348.1	3346.4	3340.3	3332.3	3337.1	3350.8	3329.7
FT-SE Mid 250	3684.2	3694.9	3692.9	3687.6	3690.3	3692.6	3688.4	3688.0	3690.6	3695.6	3684.2
FT-SE-A 350	1658.0	1664.2	1664.5	1660.7	1665.7	1665.3	1662.6	1659.3	1661.5	1666.8	1658.0

Time of FT-SE 100 High: 12.10pm Low: 8.30am

■ **FT-SE Actuaries 350 Industry baskets**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Construction	2156.0	2161.2	2160.1	2158.8	2168.4	2162.6	2162.8	2161.0	2161.9	2158.8	2152.1	+6.7
Health & H'hld	1107.5	1116.6	1112.2	1110.8	1116.3	1117.6	1115.3	1112.6	1113.8	1114.1	1095.8	+18.3
Water	1732.9	1739.1	1735.4	1728.5	1730.9	1723.4	1702.9	1703.0	1699.4	1699.4	1724.9	-25.5
Banks	2274.0	2280.3	2291.0	2289.5	2300.4	2299.4	2298.9	2289.5	2297.7	2297.7	2263.9	+33.8

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	Business Services	31/12/90	999.65	Telephone networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
FT-SE SmallCap	31/12/92	1363.79	Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
FT-SE SmallCap ex Inv Trs	31/12/92	1363.79	Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
FT-SE Mid 250	31/12/85	1412.60	Engineering-Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
FT-SE Mid 250 ex Inv Trusts	31/12/85	1412.60	Engineering-General	29/12/89	486.00	Other Groups	31/12/74	63.75	UK Gilts Indices	31/12/75	100.00
FT-SE-A 350	31/12/85	682.94	Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Index-Linked	30/4/82	100.00
FT-SE 100	31/12/83	1000.00	Conglomerates	31/12/88	1114.07	Other Financial	31/12/70	128.06	Debs and Loans	31/12/77	100.00

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. © The Financial Times Limited 1993. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. [illegible] † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

US sellers unsettle Reuters

News and financial information group Reuters experienced a dramatic turnaround in its share price yesterday after a number of investors, particularly in the US, decided that the stock had become overpriced.

In early trading, the stock moved steadily upwards with the market to hit a high of 1788p. The share price was driven forward by a bear squeeze – marketmakers short of stock struggling to square their trading books. It was also influenced by news that Reuters is to invest $125m in the purchase of Teknekron Software Systems of California.

Then in the afternoon, Lehman Brothers, the US investment bank, turned seller arguing that the stock had risen too far. Lehman analyst Mr Alastair Smellie said: "The software deal is definitely a good acquisition, which alleviates Reuters cash pile problem. But given that the shares have risen by 30 per cent since July, consolidation must be a very real possibility."

There was also some concern that the company's big grip on dealing room technology might lay it open to criticism from the UK Monopolies and Merger Commission. The share price turned the corner in the afternoon and slid back to close a net 2 lower on the day at 1758p with 1.3m traded.

Asda busy

Interim results at the top end of market forecasts enabled Asda to continue its recent recovery, although profit-taking and other concerns restricted the final climb to just a penny at 56p. Turnover was a hefty 56m – the second biggest this year. However, the results did nothing to quell the debate over whether or not the food retail sector's recovery is likely to be sustained.

Asda produced underlying sales growth ahead of the industry, with half-year sales up 9 per cent even without the benefit of any new store openings. But some analysts still professed concern over comments made by the Asda management that the group would continue to match the price cuts of its competitors.

"Asda has done all the right things but in doing so has stirred its competitors into price competition," said Mr Jeremy Alun-Jones at Lehman Brothers. He remains negative on all the leading supermarket stocks.

Others were less cautious, one leading sector analyst saying: "The food retailing business has changed and people both within and outside the sector are beginning to live with it."

The recovery in shares yesterday reflected the more positive mood. J. Sainsbury gained 5 to 450p, Kwik Save 9 to 586p and Argyll 7 to 284p. Tesco, however, slipped 3 to 220p.

ICI worry

News that efforts to restructure Europe's petrochemicals industry had been scrapped came too late to affect the stock market. But the failure to restrict production of ethylene, a big factor in plastics production, is expected to hit the share price of ICI. The company is a big producer of the product and, according to some chemicals analysts, the shares had risen by around 80p on the back of optimism over a positive conference. The shares closed up 7½ at 767½p.

British Gas hurt

Utilities took a back seat as yield considerations were pushed aside by a drive for undervalued stocks. One utility, British Gas, was further affected by news that the group was to restructure itself and become five independent units.

The changes are likely to lead to 20,000 people, or a third of the UK gas workforce, losing their jobs and thus lead to heavy redundancy costs. The shares fell 3 to 357p.

Pharmaceutical group Wellcome was well bought following a meeting late on Thursday to discuss prospects for some of its products, particularly its anti-herpes treatment, Zovirax.

There had been concern that the company might fail to get early approval for over the counter sales of the drug in the US and the meeting removed some jitters. The group also announced an alliance with Vertex Pharmaceuticals, of Massachusetts to develop inhibitors against Aids and HIV, the virus causing Aids. The shares, which have suffered badly in recent weeks, soared ahead to close 24 up at 655p on respectable turnover of 6.3m.

SmithKline Beecham continued firmer to close 10 higher at 405p with Smith New Court, Nomura and Kleinwort Benson all recommending the stock.

Airports group BAA fell 10 to 1020p as investors took profits after a recent good run. British Airways dipped 1½ to 443½p as it said it would invest £150m in expanding cargo facilities at London Heathrow airport in a joint venture with BAA.

The postponed figures from French electrical retail subsidiary Darty were in line with analysts' expectations and the relief sent Kingfisher shares forward 7 to 717p, although dealers said this was due to marketmakers running tight positions.

Elsewhere among stores stocks, specialists continued to fret over the trickle of reports from retailers suggesting dull pre-Christmas trading. Next is said to be one exception, its shares showing continuing resilience to the soggy sector, finishing the day 4 up at 212p. Marks and Spencer retreated 7 to 430½p, although GUS, up 8 at 605p, and Boots, ahead 10 at 550p, provided brighter spots.

Strauss Turnbull was recommending stop slicing in Cadbury-Schweppes, the shares closing a half-penny off at 498p.

Manweb reported interim profits up 48 per cent to £54.9m, although it cautioned against a similar level for the full-year. The shares gained 4 to 751p.

Profit-taking hit water stocks, among which, North West slid 12 to 588p, Southern 13 to 659p and Welsh 15 to 715p.

Shares in Trafalgar House came under further pressure, easing 3½ to 76½p.

MARKET REPORTERS: Christopher Price, Peter John.

■ Other statistics, Page 12

■ **CHIEF PRICE CHANGES YESTERDAY**

London (Pence)

Rises		
Brit Bloodstock	118	+ 16
Eng China Clays	442	+ 15
Europe Energy	12¾	+ 5¼
Kleeneze	269	+ 23
London Intl	134	+ 9
Meyer Intl	537	+ 14
Olives Property	53	+ 7
Radio Clyde	395	+ 30
Stanley Leisure	252	+ 17
Tadpole Tech	265	+ 24
Vendome	395	+ 22
Wellcome	655	+ 24
Falls		
Burndene	48	- 6
Hunterprint	19	- 12
Mersey Docks	455	- 20
Micro Focus	905	- 80
Trafalgar House	76½	- 4½
United Friendly	545	- 30

■ **NEW HIGHS AND LOWS FOR 1993**

NEW HIGHS (434) [illegible]

NEW LOWS (22) [illegible]

[illegible]

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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

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Rothschild Asset Management

	Bid Price	Offer Price	+ or -	Yield Gross
MC Property	144.84		—	—

J. Rothschild Fund Managers Ltd.

	Bid Price	Offer Price	+ or -	Yield Gross
Int Exempt Accum	202.1	204.8	+0.80	0.91

Stewart Ivory & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Select PPP Nov 12	414.0	435.8	—	—

Closed to new business

Thornton Unit Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Exempt Nov 30	139.44	148.80	—	2.49
(Accum Units)	152.48	157.11	—	2.50

INSURANCES

AXA Equity & Law Life Assce

Amersham Road, High Wycombe 0494 463463

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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Royal Heritage Life Assurance Ltd - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
European Smaller	171.6	140.7	+1.3	-
Sth & East Asia Gwth	397.7	418.7	+3.1	-
Inc Growth	323.9	341.0	+2.5	-
International Growth	170.2	179.2	+1.1	-
American Growth	205.1	216.0	+0.1	-
Intl Emerging Cos	241.1	253.8	+1.0	-
European	194.0	204.3	+0.2	-
Managed	197.3	208.4	+1.1	-

Royal Life Insurance Ltd

New Hall Place, Liverpool L69 3HS 051-239 3000

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Shield Fd	946.90	1000.9	—	-

Scottish Widows' Group

PO Box 902, Edinburgh EH16 5BU 031-655 6000

TSB Life Ltd - Contd.

Target Life Assurance Co Ltd

The Exchange, 66 High St, Aylesbury, Bucks HP20 1SE (0296) 394000

Eurolife Assurance Group

071-454 1151

Fleexco International Ltd

PO Box 183, St Peter Port, Guernsey 0481 713100

Hansard International Ltd.

Roxborough Financial Management Ltd

071-839 0222

Charles Stanley & Co Ltd

25 Luke Street, London EC2A 4AR 071-739 8200

United Financial Corporation Ltd

Saxon House, Heritage Gate, Derby 0332 383309

J. D. Ward Financial Services Ltd

071-836 4321

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Group

Scandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

TSB Life Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. ϕ Periodic premium insurance plans. s Single premium insurance. u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. §§ Guernsey gross. ‖ Suspended. ϕ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. ϕ Yield column shows annualised rates of NAV increase. Ind on dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgeois.

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Dec17 / US$)

[illegible]

CANADA (Dec17 / Can. $)

[illegible]

EUROPE

AUSTRIA (Dec17 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Dec17 / Frs.)

[illegible]

DENMARK (Dec17 / Kr)

[illegible]

FINLAND (Dec17 / Mkn)

[illegible]

FRANCE (Dec17 / Frs.)

[illegible]

GERMANY (Dec17 / Dm.)

[illegible]

ITALY (Dec17 / Lire)

[illegible]

NETHERLANDS (Dec17 / Fls.)

[illegible]

NORWAY (Dec17 / Kroner)

[illegible]

SPAIN (Dec17 / Pts.)

[illegible]

SWEDEN (Dec17 / Kronor)

[illegible]

SWITZERLAND (Dec17 / Frs.)

[illegible]

AFRICA

SOUTH AFRICA (Dec17 / Rand)

[illegible]

PACIFIC

JAPAN (Dec17 / Yen)

[illegible]

AUSTRALIA (Dec17 / Aust$)

[illegible]

HONG KONG (Dec17 / H.K.$)

[illegible]

MALAYSIA (Dec17 / MYR)

[illegible]

SINGAPORE (Dec17 / S$)

[illegible]

INDICES

	Dec 17	Dec 10	Dec 15	1993 High		1993 Low	
Argentina							
General (29/12/77)	(u)	18140.6	18255.5	18458.60	10/12	12167.66	6/3
Australia							
All Ordinaries(1/1/80)	2080.2	2074.8	2069.8	2132.40	1/11	1495.00	13/1
All Mining(1/1/80)	974.0	968.0	967.9	974.00	17/12	584.70	13/1
Austria							
Credit Aktien(30/12/84)	417.82	418.76	416.81	424.58	2/11	308.26	14/1
Traded Index(2/1/91)	1079.87	1084.03	1079.79	1088.85	13/12	712.08	15/1
Belgium							
BEL20 (1/1/91)	1421.68	1420.95	1426.58	1438.42	6/12	1125.46	4/1
Brazil							
Bovespa (29/12/83)	(u)	30430.0	30117.9	37300.00	26/8	714.72	4/1
Canada							
Metals Minls♦(1975)	(u)	3409.92	3404.77	3561.87	13/12	2743.31	21/1
Composite♦ (1975)	(u)	4216.20	4225.60	4307.70	8/12	3275.80	21/1
Portfolio§§ (4/1/83)	(u)	2027.21	2033.75	2068.08	13/12	1720.97	21/1
Chile							
IPGA Gen (31/12/80)	(u)	3619.5	3537.7	3619.50	16/12	2812.58	10/5
Denmark							
CopenhagenSE(3/1/83)	345.37	348.66	346.91	365.14	4/11	281.90	4/1
Finland							
HEX General(28/12/90)	1519.7	1520.2	1502.6	1607.70	3/11	843.10	22/1
France							
SBF 250 (31/12/90)	1455.05	1437.01	1434.01	1455.05	17/12	1114.10	28/1
CAC 40(31/12/87)	2196.44	2160.26	2162.63	2231.95	22/10	1772.21	23/1
Germany							
FAZ Aktien(31/12/58)	820.30	817.14	814.89	831.88	13/12	598.92	14/1
Commerzbank(1/12/53)	2348.10	2337.10	2329.7	2382.50	13/12	1694.30	14/1
DAX (30/12/87)	2151.92	2137.45	2110.70	2175.80	9/12	1516.50	13/1
Greece							
Athens SE(31/12/80)	923.90	924.31	933.90	944.44	13/8	687.72	5/1
Hong Kong							
Hang Seng(31/7/64)	10568.86	10339.66	9945.26	10568.86	17/12	5437.80	4/1
India							
BSE Sens.(1979)	3454.8	3401.9	3454.8	3454.80	13/12	2100.67	23/4
Indonesia							
Jakarta Comp.(10/8/82)	556.95	553.36	543.84	556.95	17/12	273.31	5/1
Ireland							
ISEQ Overall(4/1/88)	1852.45	1844.78	1838.07	1852.45	17/12	1191.18	11/1
Italy							
Banca Comm Ital (1972)	602.40	602.55	595.00	632.86	30/8	448.33	6/1
MIB General (4/1/93)	1322.0	1322.0	1306.0	1390.00	30/8	982.80	11/1
Japan							
Nikkei 225 (16/5/49)	18051.91	17789.28	17489.15	21148.11	13/9	16078.71	29/11
Nikkei 300 (1/10/82)	276.73	272.58	269.69	308.84	10/11	249.84	29/11
Topix (4/1/68)	1490.47	1474.21	1452.35	1698.67	3/9	1250.06	25/1
2nd Section (4/1/68)	1924.45	1904.49	1881.31	2394.97	7/6	1851.72	26/1
Malaysia							
KLSE Comp (4/4/86)	1109.53	1112.59	1116.09	1116.09	15/12	614.28	13/1
Mexico							
IPC (Nov 1978)	(u)	2422.85	2369.86	2433.27	8/12	1504.15	25/2
Netherland							
CBS TtlRtnGen(End 83)	420.6	417.1	413.1	420.80	8/12	285.70	4/1
CBS All Shr (End 83)	272.6	270.3	267.8	272.70	8/12	198.80	13/1
New Zealand							
Cap. 40 (1/7/86)	2080.55	2098.22	2089.30	2203.39	2/11	1495.37	21/1
Norway							
Oslo SE(Ind)(2/1/83)	1003.66	982.33	980.10	1026.73	18/11	688.93	27/1
Philippines							
Manila Comp (2/1/85)	2662.43	2614.97	2587.83	2662.43	17/12	1270.68	4/1
Portugal							
BTA (1977)	2565.9	2583.3	2586.3	2698.00	9/9	1608.20	14/1
Singapore							
SES All-S'pore(2/4/75)	601.62	598.28	597.77	601.62	17/12	384.10	13/1
South Africa							
JSE Gold (28/9/78)	2088.0♥	(c)	2126.0	2153.00	14/12	775.00	5/1
JSE Indl. (28/9/78)	5163.0♥	(c)	5176.0	5176.00	15/12	4333.06	19/4
South Korea							
KoreaCmpEx(4/1/80)**	874.10	870.72	865.86	874.10	17/12	605.93	6/3
Spain							
Madrid SE (30/12/85)	308.61	307.51	305.07	310.28	22/10	215.80	4/1
Sweden							
AffarsvarldnGen (1/2/37)	1361.10	1361.0	1361.90	1435.10	4/11	873.10	28/1
Switzerland							
Swiss Bk Ind (31/12/58)	1260.28	1249.56	1243.28	1260.28	17/12	904.80	11/1
SBC General (1/4/87)	983.37	976.67	971.89	983.37	17/12	678.70	11/1
Taiwan							
WeightedPr.(30/6/66)**	5274.76	5331.87	5101.80	5331.87	16/12	3098.43	9/1
Thailand							
Bangkok SET (30/4/75)	1513.83	1512.66	1518.06	1518.06	15/12	818.84	1/6
Turkey							
Istanbul Cmp.(Jan 1986)	19088.6	18721.8	18583.2	19088.80	17/12	3865.53	1/1
WORLD							
MS Capital Int (1/1/70)$	597.6*	593.5	588.5	607.10	15/10	488.80	13/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1419.34	1407.98	1405.40	1419.34	17/12	1083.02	13/1
Euro Top-100 (26/6/90)	1193.73	1184.49	1179.07	1193.73	17/12	882.73	13/1
JCapelDvgns (31/12/88)	(u)	341.80	332.72	341.80	17/12	188.82	4/1
Barings Emerg.(7/1/92)	155.47	154.97	153.13	155.47	17/12	99.81	4/2

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Dec	2192.0	2208.0	+36.0	2213.0	2165.0	16,508	33,718
Jan	2201.8	2219.5	+36.0	2224.0	2197.0	2,317	14,664
Feb	2213.5	2231.5	+36.0	2213.5	2213.5	1	150
Mar	2226.0	2242.5	+36.0	2241.0	2219.5	2,690	22,872

Open interest figures for previous day.

** Sat Dec 11: Taiwan Weighted Price 4751.58; Korea Comp Ex 866.88. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7, JSE 20 Industrials – 264.3, NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ♥ Subject to official recalculation.

US INDICES

Dow Jones	Dec 10	Dec 15	Dec 14	1993 High	1993 Low	Since compilation High	Since compilation Low
Industrials	3726.14	3716.82	3742.63	3764.43 (15/12)	3241.95 (20/1)	3764.43 (15/12/93)	41.22 (2/7/32)
Home Bonds	110.84	110.91	111.08	111.29 (10/12)	103.49 (11/1)	111.29 (10/12/93)	54.99 (1/10/81)
Transport	1750.52	1764.49	1768.81	1771.85 (13/12)	1453.64 (4/1)	1771.85 (13/12/93)	12.32 (8/7/32)
Utilities	226.07	224.56	223.90	256.46 (31/8)	217.14 (5/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3756.60 (3776.44) Low 3694.29 (3689.82) (Theoretical♦)
Day's high 3734.52 (3743.75) Low 3713.85 (3715.82) (Actual♦)

Standard and Poors							
Composite ‡	463.34	461.84	463.06	468.50 (15/10)	429.05 (8/1)	468.50 (15/10/93)	4.40 (1/6/32)
Industrials♥	535.40	534.04	535.17	540.25 (18/11)	498.48 (25/4)	540.25 (18/11/93)	3.62 (21/6/32)
Financial	44.10	43.67	43.85	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	256.18	255.43	256.19	260.48 (15/10)	236.21 (8/1)	260.48 (15/10/93)	4.45 (25/4/42)
Amex Mkt Val	461.44	459.94	461.63	484.28 (2/11)	395.84 (8/1)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Cmp	755.53	752.97	751.47	787.42 (18/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

■ RATIOS

	Dec 10	Dec 3	Nov 26	Year ago
Dow Jones Ind. Div. Yield	2.57	2.70	2.71	3.12
	Dec 15	Dec 8	Dec 1	Year ago
S & P Ind. Div. yield	2.45	2.39	2.41	2.58
S & P Ind. P/E ratio	27.18	27.41	27.08	26.78

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	464.70	465.05	+0.30	465.70	464.25	64,230	171,187
Jun	465.50	466.00	+0.15	466.50	466.00	420	2,776
Sep	-	467.50	-	467.70	-	3	643

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Merry Go Rd	9,701,000	2⅝	-3⅛
East Kodak	6,109,700	34⅝	-1⅛
United	5,327,000	17⅝	+⅝
Telefonica	3,504,200	61⅞	+1⅛
Boeing	3,226,800	44	+1⅛
Fruit Of Loom	3,209,500	24½	-3⅝
IBM	2,962,100	57½	+⅝
Merck	2,852,200	33⅜	+¼
Glaxo	2,705,400	20⅜	+⅛
RJR Nabisco	2,455,400	6⅝	-

■ TRADING ACTIVITY

● Volume (million)

	Dec 16	Dec 15	Dec 14
New York SE	283.689	307.644	273.898
Amex	17.232	17.402	18.645
NASDAQ	(u)	287.585	304.879
NYSE			
Issues Traded	2,711	2,707	2,711
Rises	1,130	882	685
Falls	844	1,168	1,390
Unchanged	637	657	636
New Highs	52	48	50
New Lows	83	54	61

† Correction. * Calculated at 13.00 GMT ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

Prices supplied by Telekurs

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WORLD STOCK MARKETS

AMERICA

Dow climbs on triple-witching day

Wall Street

US stocks were building solid gains yesterday morning, fuelled by a more optimistic outlook on interest rates and heavy activity related to the "triple witching" expiration of options and futures contracts, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 14.81 higher at 3,740.95, and the more broadly based Standard & Poor's 500 was up 1.73 at 465.07. In the secondary markets, the American SE composite was 1.15 ahead at 462.59, while the Nasdaq composite was 3.34 higher at 758.87.

Mexico City saw strong demand for Telmex lift the key index for a second straight day. By midsession the IPC index had gained another 25.19 to 2,448.04. Telmex ADRs were up $1 to $62⅝.

The triple-witching activity – triggered by the quarterly unwinding of options and future contracts on stock indices, and options on individual stocks – lifted NYSE volume to 221m shares by 1 pm. Advances led declines by 1,335 to 705.

The market's direction, which is often erratic under such circumstances, was set by a reassuring article on Federal Reserve policy in The Washington Post. It quoted unnamed senior Fed officials as dismissing the fears of Wall Street analysts that the central bank would boost short-term interest rates before unambiguous signs of inflation surfaced.

Their comments appeared to have had a calming effect on the bond market, which reacted with equanimity to more bullish news on the economy.

By midday, the inflation-sensitive 30-year government bond was ⅛ firmer at 99⅛ in thin trading.

The latest piece of evidence suggesting strong fourth-quarter growth came from the Commerce Department, which said that November housing starts had risen by 3.9 per cent in November to a seasonally adjusted rate of 1.43m, the highest level since February 1990.

The strong report, coupled with diminished concerns over the Fed's intentions, led to a broad trend of moderate gains.

Banking issues were given a particular boost from expiration-related trading. Citicorp was up $⅞ to $38⅝, Banc One $⅜ to $39, Wachovia $⅞ to $33⅞ and SunTrust Banks $⅝ to $30⅛.

Chase Manhattan added $⅞ to $34¼ after First Interstate agreed to acquire its Arizona operations for $102m. First Interstate slipped $⅜ to $63⅜.

Among individual stocks, IBM was marked up $1⅛ to $59⅝ after Merrill Lynch lifted its estimate of the company's 1993 performance from break-even to earnings of 5 cents a share.

Canada

TORONTO was higher at midday as gains in most sectors offset losses in mining issues.

The TSE 300 composite index was 9.13 higher at 4,225.30 in volume of 29.7m shares. Advancing issues led declines by 344 to 293, with 334 unchanged.

The metals and minerals index, down 43.69 to 3,366.23, was the only one of Toronto's 14 sub sectors to decline.

Profits in perplexity for German shares in 1993

David Waller on Frankfurt's bourse performance

The German stock market has been profitable but perplexing during the course of 1993.

Profitable, for as the year draws to its close, the DAX index of 30 leading shares looks set to close nearly 40 per cent higher than at the beginning of the year.

Perplexing, because the share price rises – which range from 20 per cent for the building and cement sector to 50 per cent for insurance companies – have often been decoupled from fundamentals.

"The companies in the worst state have been the best performers," comments Mr Tom Holmes, head of equity research at Schröder Münchmeyer Hengst in Frankfurt. "I have been absolutely baffled by the differentiation between the performance of companies in the same sector."

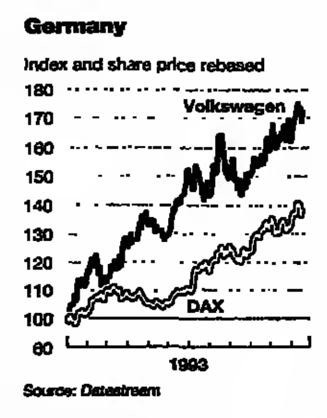
He points out that in the topsy-turvy world of German equities, Volkswagen has outperformed the more resilient BMW, Viag has proved a better investment than the more robust RWE . . . and so on throughout the market.

The performance of the market as a whole has been underpinned by at least three broad positive factors.

The first is that German interest rates, already down dramatically from their peak in the summer of 1992, will continue to fall in 1994. Kleinwort Benson, for example, expects the discount rate to fall from 5.75 per cent now to 4 per cent or below by the end of next year.

Disappointing data on money supply growth this week has done nothing to change this picture. M3, the Bundesbank's trusted measure of broad money, climbed at an annualised, seasonally adjusted rate of 7.2 per cent in November, up from 6.9 in October. But according to the Hypo-Bank, for one, inflation is set to drop towards the magic 2 per cent level by 1995, allowing the Bundesbank to carry on cutting rates.

The second support for the market comes from companies' moves to rationalise their costs. The recognition that costs must be cut – however damaging to the social aspect of Germany's social market economy – is widespread in German industry. Companies such as Volkswagen, Lufthansa and Daimler-Benz,



Source: Datastream

which are perceived to be the most aggressive in tackling costs, have been honoured with substantial price rises despite the dire earnings situation at each of the companies.

The third positive factor is the weight of money seeking to find a home in German equities. Much of the market's rise this year was because of purchases by cash-rich foreign institutions, especially US institutions, eager to correct their underweight position in the German market. Now, as the Bund market enters a consolidation phase, it may be that domestic investors will provide further impetus.

Taken together, these three factors have driven the market to a level where a great deal is being taken for granted. According to Kleinwort Benson, the DAX at its current level of 2,151.02 stands at a multiple of 26 times 1994 earnings. This is in spite of a 73 per cent increase in earnings in prospect next year, following a 47 per cent drop in 1993.

The cautious investor, undoubtedly, would reach the conclusion thet the market is overvalued at these levels – but undue caution at any stage in the past year would have been a recipe for missing out on large share price rises. Has anything changed now?

Mr Andrew Thomson at Kleinwort Benson identifies a number of significant risks which – at some stage towards the end of the first quarter of next year – *may bring the market's euphoria to an end.*

Politics cannot be ruled out as a destabilising factor. There are at least 20 regional, national and European elections scheduled for next year in Germany. As Kleinwort notes, there are a number of smaller, regional elections in March and April which – as in Brandenburg earlier this month – may trigger protest votes from disillusioned voters.

Financial markets are likely to be upset by a surge in support for far-right parties or a deepening of the uncertainty surrounding the future of Chancellor Helmut Kohl's coalition government.

Another potential problem is that the impact of corporate rationalisation turns out to be less far-reaching than expected, exposing current valuations as excessively optimistic. A first indication of whether this is the case will emerge two or three months into next year when Germany's big industrial groups report their final figures for 1993.

This danger will be exacerbated if the economy recovers more quickly than expected: rationalisation is difficult to implement where the interests of the workforce come ahead of those of shareholders. It is only the severity of the current downturn that has forced management to attack costs and, if pressure relents, it is likely that relations between management and labour will revert to the comfortable pre-recession status quo that worked to the disadvantage of shareholders.

In the words of Mr Tom Holmes at SMH, the message to shareholders in Deutschland AG must be: "Hang on tight, keep your eyes closed – and your ears open."

EUROPE

News and comment spice senior bourses

News and comment continued to spice the technical preoccupations of the Paris and Frankfurt bourses yesterday, *writes Our Markets Staff.*

PARIS was led higher by futures buying, particularly by domestic investors, the cash market responding with a gain of 36.18, or 1.7 per cent in the CAC-40 index to 2,196.44. This left it just 0.1 per cent lower on the week, in turnover of FFr5bn.

Michelin was one of the best performers of the day, rising FFr6, or more than 3 per cent to FFr199. Mr Christopher Will, of Lehman Brothers in London, said that the shares of Michelin and other European tyremakers were responding to Thursday night's US news of a Goodyear increase of 3 per cent in downmarket replacement tyres – long awaited, and following price weakness in a very soft US replacement market in the second and third quarters of 1993.

On the downgrade, Euro Disney fell 85 centimes to FFr34.55 after a report said that its banks had rejected a solution to its financing problems from its parent, Walt Disney, until an audit was carried out.

FRANKFURT fielded the expiry of DTB monthly and quarterly futures and options contracts with little pain for share prices, the DAX index closing 13.54 higher on the session at 2,151.02, 0.5 per cent lower on the week, and recovering a little more in the post bourse where it finished at 2,154.76.

Turnover, inflated by the options expiry, rose from DM9.2bn to DM17.5bn. In a news-led gain, Metallgesellschaft climbed on the departure of its chairman and its chief financial officer, rising DM16.30 to DM309.30 in floor trading; but it fell back to trade at DM298 late in the post-bourse as analysts worried that the company might need a rights issue.

Metallgesellschaft's new chairman is to be Mr Kajo Neukirchen, currently supervisory board chairman at the ball bearing manufacturer, Kugelfischer, which itself rose DM8.50, or more than 5 per cent to DM173.50 on a brokers' recommendation citing its loss elimination potential.

Schering recovered DM28 to DM1,056.50 as a number of brokers said that its multiple sclerosis drug, Betaseron, had timing on its side. In the automotive sector, the tyre-maker, Continental, climbed DM5.50 to DM265.50 on the American pricing news from Goodyear.

ZURICH returned to record levels, led by a good performance by some of the chemicals issues, and the SMI index added 21.8 to 2,889.5, for a weekly rise of 1.0 per cent.

Mr Daniel Brupbacher at Bank Vontobel in Zurich sees room for further advances next week, with the domestic interest rate trend continuing down and in the absence of developments abroad to disrupt the market.

Ciba-Geigy, a recent laggard, rose strongly with its registered shares SFr12 higher at SFr844 and the bearers SFr28 up at SFr878. Sandoz bearers rose SFr40 to SFr4,140.

Nestlé continued to be heavily traded, adding SFr14 to SFr1,254.

Banks mostly edged lower, failing to derive benefit from Thursday's 25 basis point cut in the discount rate. A SFr35 rise to SFr3,570 in CS Holding was attributed to the expiry of a warrant issue in connection with a capital increase, which was taking pressure off the share.

Bearers in SMH, the watchmaker, picked up SFr20 to SFr970 as the market assessed the change in shareholder structure announced late on Thursday.

AMSTERDAM was driven higher by short-covering and options-related buying, with the publishing sector at the centre of attention. The CBS Tendency index added 1.7 to 143.1 for a 2.2 per cent rise over the week.

Elsevier rose Fl 2.50 to Fl 168.20, VNU added Fl 3.50 to Fl 157.50 and Wolters Kluwer advanced Fl 2.80 to Fl117.00.

A 30 cent dip to Fl 180.50 in Akzo was attributed to news that the industry's European federation saw no sign of recovery. In the same sector, DSM closed 0.80 cents higher at Fl 107.50, but off a Fl 108.00 high.

Hoogovens, the steel and aluminium producer, was lifted Fl 1.40 to Fl47.30 on foreign demand and rising aluminium prices. Hunter Douglas climbed Fl 5.00 to 83.50.

MILAN was steady as the lower house of parliament approved measures to cut next year's deficit and the Comit index eased 0.15 to 602.40, for a 4 per cent rise on the week.

Olivetti added L106 to L2,117 on expectations that it would be awarded Italy's second mobile telephone operator license next year.

Credito Italiano shed L22 to L2,228 amid renewed heavy foreign selling.

Ferruzzi rose L400 to L27,400 and Montedison L50 to L585 ahead of their capital raising operations next week.

MADRID featured a further Pta21 gain in Iberdrola to Pta969 on the potential Standard & Poors upgrade of its debt rating. The general index rose 1.10 to 308.61, fractionally up on the week, in turnover of Pta28bn.

Written and edited by William Cochrane and Michael Morgan.

SOUTH AFRICA

Johannesburg ended lower in thin trading, the overall index losing 25 to 4,610. Golds fell 38 or 1.8 per cent to 2,088 and industrials picked up from the day's lows to finish 12 easier at 5,164. De Beers shed R3 to R103.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Dec 17 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1414.51	1414.89	1415.87	1418.40	1416.77	1419.59	1418.69	1415.34
FT-SE Eurotrack 200	1465.23	1465.25	1464.38	1467.26	1468.44	1467.88	1468.22	1466.75

	Dec. 16	Dec. 15	Dec. 14	Dec. 13	Dec. 10
FT-SE Eurotrack 100	1407.56	1405.40	1408.84	1418.03	1415.81
FT-SE Eurotrack 200	1463.42	1475.37	1474.83	1479.80	1479.77

Base value 1000 (26/10/90). Highday: 100 - 1420.38; 200 - 1468.12 Lowday: 100 - 1414.45 200 - 1463.76

ASIA PACIFIC

Nikkei adds 1.5% in record-setting region

Tokyo

Hopes for an imminent announcement of economic measures by the government boosted sentiment, and the Nikkei average closed above the 18,000 level for the first time since November 18, *writes Emiko Terazono in Tokyo.*

The Nikkei index rose 262.63, or 1.5 per cent, to 18,051.91, gaining ground for the third consecutive day and up 3.9 per cent on the week. The Topix index of all first section stocks gained 16.26, or 1.1 per cent, to 1,490.47.

Trading remained subdued for much of the day, but surged towards the end of the session. The index fell to a low of 17,724.07 during the first hour of trading but surged to 18,053.21 just before the close.

Volume totalled 287m shares against 339m as advances led losses by 682 to 326, with 167 unchanged. In London, the ISE/Nikkei 50 index closed at 1,228.05, down 0.4.

Share prices overcame profit taking in the morning thanks to buying by financial institutions.

The afternoon buying was triggered by investment trusts, which have set up new funds linked to the new 300 issue Nikkei index.

Speculation that the government would cancel its planned flotation of Japan Tobacco shares this fiscal year boosted Nippon Telegraph and Telephone Y28,000 to Y789,000 and East Japan Railway by Y17,000 to Y455,000. After the market closed, the ministry of finance announced its decision to postpone the JT listing.

Toshiba, the most active issue of the day, fell Y14 to Y699. Reports that the company would be punished by the government, for its illegal exports to the former East Germany during 1986 and 1987, prompted heavy selling.

However, other high-technology issues continued to gain ground. Sony rose Y10 to Y5,510 and Matsushita Electric Industrial added Y10 to Y1,530.

Investors took profits on steel companies. Nippon Steel fell Y6 to Y305.

In Osaka, the OSE average rose 95.40 to 19,761.60 in volume of 57.1m shares.

Roundup

Four new highs were recorded in the Pacific Basin. Bombay remained closed for fourth consecutive day as brokers protested against a ban on forward deals.

HONG KONG's bull run showed no sign of running out of steam as the Hang Seng index climbed 220.20 or 2.2 per cent to another record close of 10,568.86, for a 3.3 per cent rise on the week.

Recent laggards, including banks and property investment issues, spearheaded the rally although demand remained broadly based.

SEOUL saw a rally in blue chips, and strength in low price-to-book ratio counters took the market to another year high, in spite of some selling pressure, particularly in securities issues. The composite index added 3.38 to 874.10, 1.5 per cent higher on the week.

MANILA closed at a record high as investors swamped the exchanges to position themselves for next year, brokers said. The composite index rose 47.46 to 2,662.43, up 5.9 per cent over the week.

JAKARTA closed higher across the board in an upbeat mood, backed by wide local support. The official index added 2.59 to a record 556.95, a 5.4 per cent rise on the week.

SINGAPORE closed easier in busy trading as afternoon profit-taking more than wiped out early gains to put a brake on a week-long record-breaking run.

The Straits Times Industrials index closed down 5.73 at 2,280.26 after Thursday's record closing high. The index was 2.7 per cent higher over the week. Volume was a record 742.79m shares.

TAIWAN came in for heavy profit-taking after five straight days of strong gains and the weighted index ended 57.11 down at 5,274.76 in hectic turnover of T$108.75bn – still up 13.6 per cent on the week.

AUSTRALIA closed slightly stronger but off its highs after early buying orders evaporated and with BHP's strong half year results already discounted. The All Ordinaries closed up 5.4 at 2,080.2, off a high of 2,088.5, little changed on the week.

BHP rose to A$16.90 shortly after its profit announcement but later fell back to close just 2 cents higher at A$16.68.

NEW ZEALAND ended lower after the government's sale of its 6.7 per cent Fletcher Challenge stake depressed prices. The NZSE-40 capital index ended 18.72 lower at 2,080.50, 1.1 per cent lower on the week, and Fletcher shed 10 cents to $3.33.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY DECEMBER 16 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY DECEMBER 10 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (69)	157.54	+0.1	156.86	109.29	139.94	155.38	+0.1	3.31	157.42	157.32	109.11	140.44	155.22	162.83	117.39	121.29
Austria (17)	178.91	+0.5	179.14	124.12	158.92	158.88	+0.2	1.00	178.08	177.97	123.43	158.87	158.58	184.47	131.10	137.94
Belgium (42)	159.64	+0.0	158.95	110.74	141.80	140.55	-0.3	4.09	159.69	159.59	110.67	142.48	140.98	161.29	131.19	136.82
Canada (107)	132.17	-0.1	131.61	91.69	117.40	127.44	-0.3	2.84	132.35	132.27	61.75	118.07	127.94	135.71	111.41	114.49
Denmark (32)	235.77	+0.0	234.76	163.57	209.42	214.46	-0.1	1.06	234.40	234.26	162.47	209.12	214.56	241.64	185.11	198.80
Finland (23)	118.04	+1.0	117.53	81.89	104.85	144.02	+1.2	0.75	116.85	113.78	80.99	104.25	142.34	126.99	65.50	72.24
France (98)	163.41	+0.4	168.68	117.52	150.46	155.12	+0.0	3.00	168.66	168.56	116.90	150.48	155.10	173.05	142.72	143.54
Germany (60)	135.44	+1.5	134.86	93.98	120.31	120.31	+1.1	1.72	133.38	133.30	92.46	118.99	118.99	138.36	101.59	103.43
Hong Kong (55)	423.60	+3.9	421.75	293.87	376.28	420.12	+4.0	2.60	407.01	407.26	282.45	363.58	404.11	423.60	218.82	214.58
Ireland (14)	182.52	+1.3	181.73	126.62	162.12	181.24	+0.8	3.12	180.13	180.02	124.85	160.70	179.88	182.52	129.28	141.42
Italy (70)	67.99	-0.4	67.70	47.17	60.39	85.69	-0.6	1.95	68.29	68.25	47.33	60.92	86.36	78.93	53.78	53.29
Japan (469)	135.35	+1.3	134.75	93.89	120.23	93.89	+1.4	6.87	133.60	133.52	92.60	119.21	92.60	165.91	100.76	107.91
Malaysia (89)	548.15	-0.8	545.79	380.26	486.88	538.23	-0.8	1.34	552.47	552.13	382.91	492.87	542.67	552.47	251.66	263.28
Mexico (19)	2211.70	+0.6	2202.16	1534.36	1964.53	7510.80	+0.8	0.85	2198.09	2196.74	1523.53	1961.01	7484.56	2248.30	1410.30	1602.34
Netherland (26)	194.46	+1.4	193.62	134.90	172.73	169.70	+1.0	3.12	191.74	191.62	132.90	171.06	168.16	197.07	150.39	154.23
New Zealand (14)	64.99	+1.6	64.71	45.09	57.72	81.49	+0.8	3.81	63.99	63.95	44.36	57.09	80.99	68.38	40.56	41.91
Norway (23)	171.00	+1.7	170.31	118.67	151.94	172.38	+1.3	1.48	168.11	168.01	116.52	149.98	170.11	185.10	137.71	142.91
Singapore (39)	346.61	+1.1	345.11	240.46	307.87	254.44	+1.6	1.26	342.96	342.75	237.71	305.97	251.85	346.61	207.04	204.72
South Africa (60)	244.67	+0.2	243.62	168.74	217.32	237.17	+0.0	2.31	244.26	244.11	169.29	217.91	237.17	244.67	144.72	147.62
Spain (42)	135.94	+0.5	135.38	94.31	120.76	144.90	+0.8	4.12	135.26	135.17	93.75	120.67	143.81	145.24	115.23	120.31
Sweden (36)	187.85	+0.4	167.05	130.33	166.87	233.32	-0.2	1.50	167.06	186.94	129.66	166.89	233.72	208.92	149.70	159.99
Switzerland (49)	157.31	+0.8	156.63	109.14	139.75	142.34	+0.5	1.52	155.93	155.84	108.09	139.13	141.67	157.57	108.91	114.48
United Kingdom (215)	199.64	+1.4	198.78	138.49	177.31	198.78	+1.0	3.61	196.93	196.81	136.48	175.67	196.81	199.64	162.00	172.30
USA (518)	188.59	+0.3	187.77	130.84	167.52	168.59	+0.3	2.75	168.05	187.93	130.35	167.77	168.05	191.56	175.38	177.75
Europe (747)	164.85	+1.0	164.14	114.37	146.44	158.77	+0.7	2.88	163.16	163.06	113.09	145.57	157.74	165.22	133.92	185.83
Nordic (114)	181.09	+0.6	180.31	125.63	160.85	192.91	+0.1	1.29	179.95	179.84	124.78	160.54	192.84	194.54	142.13	148.60
Pacific Basin (715)	147.15	+1.4	146.52	102.09	130.71	105.66	+1.4	1.15	145.16	145.06	100.62	129.51	104.16	169.80	105.89	111.95
Euro-Pacific (1462)	154.38	+1.2	153.71	107.09	137.12	126.15	+1.1	1.90	152.51	152.42	105.70	185.06	124.78	162.86	117.26	121.61
North America (625)	185.07	+0.3	184.27	128.41	164.42	164.39	+0.3	2.75	164.58	184.46	127.95	164.70	183.92	167.68	171.51	173.61
Europe Ex. UK (532)	143.18	+0.8	142.56	99.36	127.22	135.58	+0.4	2.36	142.03	141.95	98.46	126.74	135.00	144.58	112.51	114.15
Pacific Ex. Japan (246)	259.98	+1.7	258.66	180.39	230.85	239.75	+1.7	2.48	255.68	255.52	177.24	228.12	235.81	259.98	152.70	151.85
World Ex. US (1648)	156.08	+1.2	155.41	108.29	138.66	129.16	+1.0	1.91	154.30	154.20	106.95	137.66	127.67	162.88	118.51	122.57
World Ex. UK (1951)	162.72	+0.8	162.02	112.89	144.55	142.78	+0.7	2.07	161.49	161.39	111.93	144.08	141.77	168.66	134.22	137.17
World Ex. So. Af. (2106)	165.48	+0.8	164.77	114.81	147.00	146.90	+0.8	2.23	164.11	164.01	113.78	146.42	145.79	170.46	137.29	140.28
World Ex. Japan (1697)	183.64	+0.5	182.85	127.41	169.15	179.75	+0.5	2.73	182.46	182.35	126.48	162.80	178.94	183.99	157.47	158.61
The World Index (2166)	165.94	+0.8	165.22	115.12	147.40	147.63	+0.7	2.23	164.58	164.47	114.07	146.84	146.53	170.68	137.32	140.22

Latest prices were unavailable for this edition. South African market closed 16/12/93.
Constituent change with effect 20/12/93: Deletion: Australia (Italy).

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Apr	Jul	Puts Jan	Apr	Jul
Allied-Lyons	600	50	64	71	4	12	24
(*642)	650	16	33	42	22	32½	47½
Argyll	280	13	26	30½	11	15½	23½
(*284)	300	7	15½	21½	22½	27½	35½
ASDA	50	8	10	12	1½	3½	5
(*56)	60	2½	5	7	8	8½	10½
Brit Airways	420	33	45½	53	6	17	24
(*443)	460	12	23½	33	25	35½	45
Scott Bown A	390	28	39½	50½	9½	19½	27½
(*404)	420	11	26	36½	25	36	43
Boots	500	54½	65½	73½	3½	8	16
(*548)	550	17	32½	42	18	26½	36
BP	330	25½	33	39	5	10	15½
(*348)	360	8½	17	24	18	25½	31
British Steel	130	8½	13½	18	4½	9½	12½
(*133)	140	3½	8½	14	10½	15½	10
Bass	550	25	43	48	11½	21	29
(*565)	600	5½	17½	26½	43½	49½	57
Cable & Wire	500	21	36	48	16½	28	34
(*502)	525	10	24	35	31½	38½	48½
Courtaulds	460	28	35	43½	11½	17½	29
(*468)	500	5	17	25	36½	41½	52
Comm Union	600	61	59	70	3½	14	19½
(*643)	650	15½	27	41½	21	36	42½
ICI	750	38	48	68	15	35½	44½
(*769)	800	12	24½	38½	42½	65	73
Kingfisher	700	33½	51½	53	13	25	40
(*717)	750	10½	27	37½	42½	53	65
Land Secur	750	63½	48½	77	4	11½	21
(*794)	500	16	36	40	21	29½	43
Marks & S	430	28	31	36½	7	14	21
(*430)	460	3½	13	18	32½	37½	43
NatWest	550	48½	56½	65	4½	17	23
(*590)	600	16½	27½	38	23	41½	47½
Sainsbury	420	34	80	56½	5	12½	19½
(*450)	460	16	25	34	21½	30	35½
Shell Trans.	700	27	37	46½	16½	27	33½
(*712)	750	6	14½	27	42	59	63
Storehouse	220	18	24½	28½	4½	9½	13
(*234)	240	0	13½	18	14	19½	23
Trafalgar	70	8½	11½	15	3½	5½	7
(*76)	80	3½	7	11	8½	11½	13
Unilever	1150	45½	64	65	16	38½	51½
(*1171)	1200	16	41½	50	42½	66	75½
Zeneca	750	57	68½	81½	7½	25½	37½
(*794)	500	23½	38½	54½	27	51	62½
Option		Feb	May	Aug	Feb	May	Aug
Grand Met	420	37½	43½	51½	10½	17	20½
(*451)	460	13	21½	30½	36	35½	40½
Ladbroke	140	28	28½	32	5	9	13
(*159)	160	13½	10½	22	13	19½	23½
Utd Biscuits	330	28½	33	38	8	15½	20½
(*347)	360	13½	17	23½	29	33	38½
Option		Dec	Mar	Jun	Dec	Mar	Jun
Fisons	118	8	16½	24	3	12½	19½
(*112)	120	2½	12	19	10	19	25½
Option		Feb	May	Aug	Feb	May	Aug
Brit Aero	360	41½	51	62½	14½	24	31
(*385)	390	25	36	48	28	38½	46½
BAT Inds	500	41	47	52	11	22½	30
(*524)	550	13	21	27	35½	51½	58½
BTR	330	32½	37	42½	4½	12½	15
(*354)	360	13½	19	26	17	26½	29
Brit Telecom	460	28	38	44½	6	13	19½
(*478)	500	7½	16½	24	30	33	40½
Cadbury Sch	460	28	38	57	0	13	16½
(*498)	500	7½	16½	33½	30	33	34
Eastern Elec	650	49½	62½	72½	10½	18	29½
(*689)	700	29	34½	44½	33½	40½	54
Guinness	460	34½	44	50½	11	19½	26½
(*481)	500	13½	22½	30	30	42½	49
GEC	300	27	33½	37	4	8	12½
(*320)	330	8½	10	20½	17	22	27½
Hanson	260	20½	24	27	4	6	11½
(*274)	280	7	13	16½	12	17½	21½

Option		Calls Feb	May	Aug	Puts Feb	May	Aug
Lasmo	110	16	23	26½	6½	13	16
(*117)	120	11	16	22½	14½	17½	22
Lucas Inds	180	18½	22½	27	6	18½	13½
(*190)	200	7	13	17½	16½	21½	24½
P & O	600	55	65	78	11	21½	28
(*640)	650	24	35	51	30½	44½	49½
Pilkington	160	17	23	26½	0	8½	12
(*171)	180	7½	13½	18½	16½	18	22½
Prudential	330	26½	31	35	0	13½	16½
(*347)	360	9½	14½	20½	21	30	33
RTZ	750	46	57½	74½	17½	31	35½
(*774)	800	16	32	49	43½	55	61½
Redland	550	53½	61	68	10½	23½	29½
(*588)	600	24	32½	41½	29½	48½	55
Royal Insce	288	38	-	-	4	-	-
(*317)	317	17½	-	-	15	-	-
Tesco	220	12½	18	22½	12	19	21
(*220)	240	5	9½	14	24½	32	33½
Vodafone	550	42½	58½	72	26	37½	49
(*560)	600	20½	36	50	58	66½	75½
Williams	330	36½	41½	45	4	11	14
(*358)	360	16½	23	28	15	24½	28
Option		Jan	Apr	Jul	Jan	Apr	Jul
BAA	1000	42½	68½	86	16	32	43
(*1020)	1050	17	44	60	42½	57½	67½
Thames Wtr	550	44	53	65	4½	12½	23½
(*585)	600	12½	28	36½	23½	30½	49½
Option		Dec	Mar	Jun	Dec	Mar	Jun
Abbey Natl	460	21	34½	39½	1½	14½	20½
(*478)	500	1½	13½	20½	23½	37	42
Amstrad	40	2	5	7	1½	4½	0
(*40)	45	1	3½	5	6	7½	9
Barclays	600	20	43	52	2½	24½	32
(*615)	650	1	10	39½	37	53	60
Blue Circle	220	18	29	36½	2½	15	23
(*342)	360	1½	14½	23	20½	31½	39½
British Gas	330	29	37	41	1½	5	10
(*357)	360	4	17½	23	7½	16½	24½
Dixons	260	10½	23½	30½	4	14½	19½
(*268)	280	2	14½	28	13	25	29½
Eurotunnel	500	32	-	-	2½	-	-
(*526)	550	2½	-	-	31	-	-
Hillsdown	140	12	10	21	1	0	11
(*151)	160	1	8½	9½	11	10	23½
Lonrho	130	4	12½	17	3	11½	15
(*130)	140	1	8½	13	11	17½	21
Natl Power	460	12	31	40½	3	16½	25½
(*469)	500	1	14	23½	33	39	47½
Scot Power	460	7	23	33	5½	20½	26
(*461)	500	1	9	17	40½	47½	50½
Sears	120	9	14	16	1	4	6
(*127)	130	2	8	9	4	8	11½
Forte	240	21½	29	32½	1	7½	13
(*259)	260	4	18½	20½	5	16	22½
Tarmac	165	13	21½	24½	1	7	11½
(*167)	174	1½	12	18	10½	16½	21
Thorn EMI	950	49	68½	88½	1½	23½	33
(*994)	1000	8	39½	61½	14½	47	57
TSB	240	12	21½	27	1½	10½	14
(*250)	260	2	11½	17	12	22	24½
Tomkins	240	5	15	18	3	12½	18
(*243)	260	1	7½	13½	16	25	28
Vaal Reefs	90	9½	-	-	2	-	-
(*$96)	100	3	-	-	6	-	-
Wellcome	650	13½	52	66½	8½	36	53½
(*655)	700	1½	30	47	48½	68	83
Option		Dec	Apr	Jul	Dec	Apr	Jul
Glaxo	700	16	66	78	6	48	61½
(*707)	750	1½	32	57½	46½	77	90
HSBC 75p shs	650	22	63	77½	7	51	61
(*864)	900	2½	38	55	40	80	89
Reuters	1750	24½	97½	138	17	85½	109
(*1757)	1800	6	72½	113	50	114	134
Option		Dec	Feb	May	Dec	Feb	May
Rolls-Royce	156	17	21½	-	1	4½	-
(*171)	178	2	10	-	7	13½	-

* Underlying security price. Premiums shown are based on closing offer prices.
December 17. Total contracts: 52,954 Calls: 29,614 Puts: 23,340

TRADITIONAL OPTIONS

First Dealings	Dec. 6	Last Declarations	March 10
Last Dealings	Dec. 17	For settlement	March 21

Calls: ASDA, Bula Res., Eurocamp, Greycoat, Hanson Wts., Hawtin, Mercury World, Natl. Home Loan Pref., Prestwick, Signet, Sleepy Kids, Smith & Nephew, Standard Chart. Pref., Western Selection. Puts: Sleepy Kids, Standard Chart. Pref. Put & Call: Hollas.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	50	17	11	220	84	79
Other Fixed Interest	3	0	12	7	0	68
Commercial, Industrial	463	187	791	1,988	1,053	4,151
Financial	64	32	48	305	208	351
Property	32	10	93	133	60	479
Investment Trusts	251	24	261	983	140	1,565
Oil & Gas	27	14	41	107	99	204
Mines	26	56	58	190	153	357
Others	42	50	50	259	201	280
Totals	988	390	1,365	4,192	2,008	7,524

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	27.9	102	92	Abtrust LLoyds	93		-	-	-	-
160	F.P.	30.5	101	160	Amicable Smlr Em	101		-	-	-	-
230	F.P.	57.7	265	230	Azlan	264		L3.0	2.8	1.4	31.4
115	F.P.	95.0	121	106	Badgerline	110		R4.1	2.1	4.7	13.0
130	F.P.	48.2	153	138	Biotrace Intl.	150		-	-	-	-
100	F.P.	115.5	105	96	CLM Insce	105	+2	-	-	-	-
250	F.P.	158.8	250	217	Celltech	225		-	-	-	-
260	F.P.	321.1	308	268	DFS Furniture	308	+4	L6.4	2.1	2.6	23.3
100	F.P.	63.7	100	98	Fairbairn Eur Sm	98		-	-	-	-
180	F.P.	60.2	183	166	Fenchurch	172	+3	W7.2	1.5	5.2	15.4
-	F.P.	32.4	112	101½	Finsbury Under'wrt	108		-	-	-	-
100	F.P.	40.4	102	100	For & Col Small C	101	+½	-	-	-	-
168	F.P.	367.0	192	168	Gartmore	192	+4	W4.0	2.0	2.0	23.7
100	F.P.	54.5	110	102	Govett High Inc	109		-	-	-	-
-	F.P.	0.0	5	3	†Harmony Wrnts.	4	-½	-	-	-	-
250	F.P.	59.2	257	246	Hozelock	249		W6.0	2.2	3.0	17.7
100	F.P.	25.3	111	106	Inspirations	110		NR3.5	2.1	4.0	10.4
160	F.P.	120.4	118	100	Johnson Fry 2nd	118	+6	-	-	-	-
100	F.P.	50.8	105¾	102½	Do Zero Div Prf	105¾	+½	-	-	-	-
50	P.P.	10.5	53	51½	Kleinwort 2nd End	52½		-	-	-	-
135	F.P.	27.9	128	120	Liliput	120		R4.35	2.1	4.5	12.9
160	F.P.	56.8	215	191	Litho Suppls.	215	+1	R6.5	2.0	3.8	16.8
320	F.P.	31.4	345	333	London Indl	343	+7	uN7.0	1.2	2.6	22.6
100	F.P.	43.5	108	94½	Masthead Insce.	108		-	-	-	-
100	F.P.	525.0	105	96	Mercury Wrld Mng	105	+4½	-	-	-	-
-	F.P.	45.0	45	42	Do Warrants	45	+2½	-	-	-	-
100	F.P.	26.5	108	100	Morgan Grenfell C	108	+2	-	-	-	-
100	F.P.	25.9	102	98	NM Smlr. Aust.	100½	+½	-	-	-	-
-	F.P.	2.3	46	42	Do. Wrts.	45		-	-	-	-
§140	F.P.	65.5	145	139	Nelson Hurst	145	+2	R5.6	1.8	4.8	14.5
100	F.P.	59.2	87	92	New London Cap	97		-	-	-	-
§78	F.P.	55.1	120	94	†On Demand Info	108		-	-	-	-
100	F.P.	15.4	100	100	Pilot Inv C	100		-	-	-	-
-	F.P.	18.6	87	94	Premium Trust	94		-	-	-	-
-	F.P.	16.0	122	107	Premium U'wrtng	121		-	-	-	-
-	F.P.	124.3	226	193	Royal Doulton	226	+1	H6.0	-	3.7	-
160	F.P.	83.4	173	159	Ruberoid	173		R5.4	1.9	3.9	16.5
100	F.P.	47.5	98	92	Syndicate Cap.	95		-	-	-	-
-	F.P.	1.8	38	23	Do Warrants	36		-	-	-	-
180	F.P.	62.8	203	178	Telspec	198	-3	R2.5	2.8	1.6	24.9
100	F.P.	20.0	99	93	Wigmore Prop.	99		-	-	-	-

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993 High	Low	Stock	Closing price p	+or-
89	Nil	21/1	33pm	28pm	Banner Homes	28pm	
320	Nil	2/2	50pm	47pm	Bowthorpe	47pm	
50	Nil	27/1	4pm	3pm	Dwyer A	3pm	
12½	Nil	26/1	5pm	2½pm	Greycoat	5pm	+1¾
36	Nil	10/1	4pm	4pm	Hiclare	4pm	
195	Nil	31/1	40pm	17pm	NFC	23pm	-6
11	Nil	4/1	7½pm	2½pm	Serif	7½pm	
145	Nil	5/1	20pm	18pm	Tay Homes	20pm	
152	Nil	14/1	23pm	11pm	Wyevale Garden	19pm	

pm Price at a premium.

FINANCIAL TIMES EQUITY INDICES

	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Yr ago	*High	*Low
Ordinary share	2505.1	2496.0	2488.8	2447.3	2453.3	2147.6	2505.1	2124.7
Ord. div. yield	3.72	3.74	3.78	3.80	3.78	4.36	4.52	3.72
Earn. yld. % full	4.22	4.26	4.31	4.34	4.32	5.97	6.38	4.22
P/E ratio net	29.91	29.65	29.26	29.06	29.20	21.41	29.91	16.40
P/E ratio nil	27.73	27.44	27.15	26.98	27.06	19.76	27.73	18.14
Gold Mines	247.6	253.5	251.8	255.2	257.6	65.5	257.6	60.0

*For 1993. Ordinary share index since compilation: high 2505.1 17/12/93; low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Ordinary share base date 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2511.8	2515.1	2519.2	2511.8	2519.5	2517.7	2510.6	2504.7	2504.6	2523.5	2501.0

	Dec 17	Dec 10	Dec 15	Dec 14	Dec 13	Yr ago
SEAQ bargains	38,153	32,485	28,908	29,458	31,771	31,492
Equity turnover (£m)†	-	1856.7	1828.5	1468.3	1439.2	1603.1
Equity bargains†	-	35,623	33,216	33,720	37,056	34,908
Shares traded (ml)†	-	779.7	674.3	610.7	606.2	770.7

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs	18⅞	–¼	20¼	15⅝	16,555	2.4
Allegheny & W ♥	453p	–10	722p	389p	258.5	4.4
Amdahl	445p	—	591p	294p	509.7	0.7
Amer Cyanamid	34	—	39	31⅝	3,054	3.4
Amer Express	20⅝	–⅛	23⅞	14⅞	9,699	3.3
Amer T & T	36⅞xd	–⅛	43¼	33⅛	49,776	2.4
Ameritech	63	+⅛	58¼	49	22,767	4.0
Anheuser-Busch	32¼xd	–¼	41¼	29⅝	9,062	2.9
BankAmerica	31¼xd	+⅞	33¼	27⅞	11,109	3.0
Bankers NY	52½	+⅛	54¼	42⅝	4,307	4.0
Bell Atlantic	40⅝	–⅛	44⅛	32¼	17,604	4.4
BellSouth	38¼	–⅛	42⅝	32⅞	18,806	4.9
Bethlehem Steel ♥	12⅞	–⅛	13¼	8½	1,097	–
Bowater	1580p	–18	1682p	1169p	574.7	2.5
CPC	31⅛	+⅛	34⅝	26	4,768	2.8
California Engy	1293p	+5	1479p	1066p	235.4	–
Chase Manhattan	22⅝	—	24⅝	17⅞	4,154	3.6
Chrysler	35⅛xd	–⅛	60	21⅛	10,578	1.5
Citicorp	23⅝	+⅛	26	13⅞	9,076	–
Colgate-Palm	40⅛	–⅛	45⅝	32	6,608	2.4
Cont'l Bank	1670p	+7	1677p	1278p	1,667	2.4
Dana	36⅞xd	–⅛	39⅞	29⅞	1,653	2.9
Data General	586p	–17	851p	527p	169.3	–
Decora Inds ♥	79½p	—	149p	79½p	–	–
Dun & Brad	41⅛	—	45⅝	37⅞	7,444	3.9
Eaton	33⅞	–⅞	37⅛	25⅞	2,287	2.4

BUSINESS SERVICES

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

MINES - Cont.

METALS & METAL FORMING

TELEPHONE NETWORKS

TEXTILES

PROPERTY

MISCELLANEOUS

OTHER FINANCIAL

INVESTMENT COMPANIES

TRANSPORT

OTHER INDUSTRIALS

WATER

MEDIA

MOTORS

SOUTH AFRICANS

STORES

PLANTATIONS

PACKAGING, PAPER & PRINTING

MINES

OIL & GAS

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 79 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ)
- \- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡† Not officially UK listed: dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
p Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed
W Pro forma figures.
3 Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

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FINANCIAL TIMES

Weekend December 18/December 19 1993

Last-minute hitch delays Commons statement on industry's future

British Gas revamps structure

By Robert Corzine and James Blitz

British Gas yesterday announced a sweeping corporate reorganisation to prepare its UK operations for future competition.

The changes will lead to the break-up of its traditional regional structure and create five specialised business divisions.

Mr Norman Blacker, director responsible for the UK gas business, said the plan would lead to "the most fundamental changes in organisation and culture ... for more than 40 years".

The restructuring announcement was to have followed a government decision on the future of the gas industry. But Mr Michael Heseltine, trade and industry secretary, yesterday failed to make an expected statement to parliament before it rose for Christmas.

The government was thought to have reached agreement on the industry's future as early as Wednesday. But last-minute objections, said to have come from Mr Michael Portillo, the chief secretary to the Treasury, apparently delayed the announcement. The DTI said a decision might still be announced next week.

British Gas has made no secret of its frustration over the uncertainty that has surrounded the company since the Monopolies and Mergers Commission report on the industry was published in August. Mr Heseltine must decide whether to accept or modify MMC recommendations that British Gas' trading arm be sold off by 1997, followed within three to five years by the lifting of its monopoly in supplying 17m mainly residential users.

British Gas yesterday said the new structure, to be implemented next March and phased in over two years, could be "adapted" to any government decision.

The restructuring plan stems from a 1992 agreement with the Office of Fair Trading and a commitment to the government that British Gas would introduce greater transparency into its operations. It also conforms to an MMC recommendation that the company construct Chinese walls between the various operating groups to enhance competition. British Gas' present structure has been criticised for allowing personal fiefdoms to develop in some of the regions.

The five new business units are:

- Public Gas Supply, which will cater to residential and small business users;
- Contract Trading, which will sell gas to industrial and commercial customers using more than 2,500 therms;
- Transportation and Storage, through which gas will be shipped from shore terminals to meter outlets;
- Retailing, which will oversee a remodelled and re-styled network of shops selling gas appliances; and
- Service and installation of gas central heating.

Company officials say the restructuring will also make it easier to implement the 20,000 job cuts the company plans to make over the next three years.

The restructuring does not affect the exploration and production division or Global Gas, the other main international arm specialising in distribution and gas-fired electricity generation.

Figures suggest 1m women given wrong pension advice

By Norma Cohen, Investments Correspondent

Nearly one million women who contracted out of the State Earnings Related Pension Scheme to invest in personal pensions might have been better off staying in the state scheme because they earn too little to benefit from tax incentives which make contracting out worthwhile.

Government statistics released by the Department of Social Security yesterday show that, in addition to unsuitable pension sales to these women, there may also have been widespread mis-selling to other personal pension holders.

The first demographic analysis of personal pension holders in Britain show significant numbers of sales to those who cannot benefit from tax incentives. These people may in fact be worse off if they contract out of SERPS because they have given up their rights to state benefits.

The data show that the tax rebates which have been a chief selling point contribute very little to the average personal pension. The median annual contribution from tax rebates for women was £205 per year, and for men £395.

Government statistics released yesterday also show that the greatest increase in personal pension sales in the 1991-92 fiscal year was to those who were 45 years or over at the time, and who would have been better off remaining in SERPS.

The Securities and Investments Board, the City's chief regulatory watchdog, has announced a sweeping review of all personal pensions sold to individuals who have transferred out of their occupational schemes. The SIB commissioned a study by accountancy firm KPMG Peat Marwick which, after a sample review of files, found that there was clear evidence that nine out of 10 files contained too little information, suspect advice or both.

The SIB has said it also intends *to review the sale of rebate-only* pensions.

The government data represent the first comprehensive review of the categories of people who make up the UK's 5m personal pensions holders.

It shows that a significant number of personal pensions – 18 per cent of the total – have been sold to those with no income, and another 7 per cent were sold to people earning under the £2,704 a year lower limit and did not have to pay national insurance.

Metals group chief ousted

Continued from Page 1

week Deutsche Bank, a big shareholder in Metallgesellschaft as well as creditor, backed the company's line that the liquidity problems were temporary, caused by technical developments in the oils futures markets.

It was clear from yesterday's announcement that investigations undertaken by the banks in the meantime have uncovered far more serious problems.

The statement from the company cast little light on the scale of Metallgesellschaft's problems, saying that investigations to date had uncovered deficiencies in controls and management at MG Corp.

The investigations into MG Corp and other US subsidiaries would continue, Metallgesellschaft said, and it was likely that the provisional loss of DM347m (£137.6m) reported for the year to the end of September would have to be restated. Turnover for last year was DM25.5bn.

Deutsche Bank and Dresdner Bank, Germany's two biggest banks which own more than 10 per cent each of Metallgesellschaft, said they would continue to provide financial support.

UK shares hit another record as hopes of growth are boosted

By Peter Marsh and Peter John

Shares in London closed last night at another record high, fuelled by economic statistics during the week which boosted hopes of steady economic growth next year with inflation staying weak.

UK government bonds – or gilts – also continued their good run, with prices driven up by low inflationary pressures and expectations of a cut in UK interest rates early in the new year.

The mood on the UK markets was buoyed by firm trends on continental European bourses, with both Paris and Frankfurt closing higher on speculation that the German Bundesbank would ease monetary policy before the spring.

The FT-SE 100 index of leading stocks climbed 25.9 to finish at 3,337.1, for a 76-point rise on the week. Since the day before the Budget on November 30, share prices have gained 7 per cent.

In the second half of the year, the index – after falling slightly between January and June – has so far climbed 17 per cent. Investors have in recent weeks given short shrift to theories that the large tax rises due next April will harm the recovery.

Long dated gilts climbed ½ a point yesterday for a rise of 1½ points on the week and about 7 points since the Budget. Yesterday's rise in UK government bonds was helped by strong buying interest from continental Europe and the US, where investors are impressed about the UK's relatively good economic prospects for next year compared with other parts of Europe. The week's gains on share and bond markets were helped by underlying retail-price inflation in the UK hitting a 26-year low, a sharp drop in unemployment to 2.81m and indications that steady output growth would continue.

Mr George Magnus, international economist at S.G. Warburg Securities, the London stockbroker, said the "benign" news of low UK inflation had convinced the markets that bank base rates, now at 5.5 per cent, could be cut to 4.5 per cent by mid-1994.

Much of the stock market rise yesterday was due to frenetic technical trading linked to the expiry of the December FT-SE 100 futures contract.

Markets, Page 15
See Lex

Annenberg

Continued from Page 1

school every day, while another estimated that 160,000 children skip school every day because they are afraid. However, some find their schools a haven from the violence that plagues many cities.

Mr Annenberg, whose fortune was built on the Triangle magazine publishing empire sold to Mr Rupert Murdoch for $3bn five years ago, earlier this year gave $120m each to the University of Pennsylvania and the University of Southern California, and $100m to the Peddie School, a preparatory school which he attended.

THE LEX COLUMN

Handling hot Metall

Just ten days ago, Mr Hilmar Koppar of Deutsche Bank advised people to be more relaxed about Metallgesellschaft. It is difficult to be so now. Seldom do German banks axe virtually the entire top management from a company they *effectively control. Seldom, too,* does a supervisory board complain that management has deliberately withheld information. A special audit of the group's US activities, a revision of the latest annual accounts which showed a loss of DM347m, and explicit reference to the need for a capital restructuring all suggest problems extending beyond mere over-trading of US oil futures.

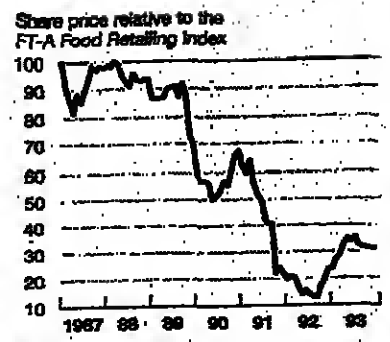
Two things stand in Metallgesellschaft's favour. First, it is difficult to imagine the banks allowing such an important company to go to the wall. Second, Mr Kajo Neukirchen, who they have brought in to run it, has a strong reputation as a troubleshooter, having already sorted out KHD, Hoesch and Kugelfischer. But yesterday's statement shows that even the supervisory board has no clear idea of the task he faces.

Quite apart from the German recession, which has made Metallgesellschaft's expensive investment in pollution controls look singularly ill-timed, the omens are not good. Unlike other German companies, Metallgesellschaft refuses to break exceptional gains out of its profit figures. That raises doubts about the underlying returns from the extravagant acquisition programme of the late 1980s. To raise cash, Mr Neukirchen may be forced to sell off valuable assets like Lurgi and Buderus, while the looming rights issue could be substantial. The market's initial inclination to treat the management *change as a portent of recovery looks* premature.

FT-SE Index: 3337.1 (+25.9)

Asda

Share price relative to the *FT-A Food Retailing Index*



Source: FT Graphite

UK markets

The bandwagon in the UK equity market seems unstoppable. Despite a profits warning from Fisons and £400m of write-downs and provisions from Trafalgar House, the FT-SE 100 still ended the week 76 points higher. Some of the gain reflects a squeeze on those institutions which held back ahead of the budget and are still trying to climb back on board. But the main impetus remains interest rates. With inflation subdued, the view is growing that rates may be cut not just in the new year, but again in the spring when tax increases start to bite.

Whether the Bank of England will oblige is another matter. The recovery does not look weak enough to make a fresh cut urgent, and the latest German money supply data suggests continental cuts could be deferred. But as long as it can convince itself that rates are heading lower, the equity market could retain some steam. Cash is an unattractive alternative – as retail investors were reminded this week by fresh reductions in building society and National Savings rates. Only when the interest rate frenzy stops will the market have to worry about boring matters such as earnings and dividends. Then it will be time to remember that if low inflation holds back reported earnings, it will take even longer for cover to be restored to the point where dividends can grow in tandem.

Building materials

The sniff of interest rate cuts has intoxicated the building materials sector, stimulating a further 9 per cent outperformance against the market over the past three months. On Goldman Sachs' forecasts, the sector is now trading on 13.5 times 1996 earnings. That demonstrates a remarkable degree of far sightedness, leaving no room for error.

The main exception to the trend has been Redland, which has under-performed the sector by 7 per cent over the past three months. The news that finance director Mr Gerald Corbett is leaving to join Grand Metropolitan has not helped Redland's share price – nor, curiously, that of GrandMet. Furthermore, Redland's tax charge will inexorably rise if UK earnings do not rebound strongly enough to resolve its ACT problem. There are also concerns about the sustainability of demand in the west German housing market. Changes to tax incentives may suck forward sales of Redland's roofing tiles into 1994, but demand could fall sharply thereafter.

The big cloud over the whole sector's earnings prospects is the difficulty of making price rises stick in a disinflationary climate. Pilkington has already had to unwind an 8 per cent price rise for glass. Downward price pressure will continue for many products as mainland European manufacturers divert surplus stocks into the UK. If there are any wobbles in building materials shares, the construction sector could gain. Contracting companies benefit later in the cycle. But at least they are trading on comparatively meagre multiples.

Asda

Mr Archie Norman may get quiet satisfaction from knowing that his gloomy predictions about the UK grocery sector have proved much more accurate than the sunny forecasts *coming from his older rivals. But that* will prove cold comfort unless Asda rings up higher sales as a result of his analysis. On that score, there is room for only modest encouragement about Asda's long-term future, despite its strong half-year numbers.

A 9 per cent rise in same store sales, with almost no benefit from price inflation, is an impressive achievement; the 14 per cent rise in operating profits even more so. The new Asda team continues to make textbook progress, lifting staff productivity, improving product mix, strengthening the distribution chain and renovating the older stores. How satisfying it must be to exploit under-utilised assets, especially when coming from such a low profits base.

This renewal programme has a fair bit further to run. But at some point, the recovery momentum will stall. Asda will then have to prove it has a trading format capable of growing in the 1990s. The launch of the Dales discount chain is hopeful. The infusion of £700m of equity also provides the financial muscle for Asda to fund its ambitions. But Asda can no longer rely on its competitors running their businesses as though they lingered in the 1980s. J. Sainsbury's latest price offensive shows how determined the market leader is to claw back Asda's recent advantage. The market will grow far tougher from here on in.

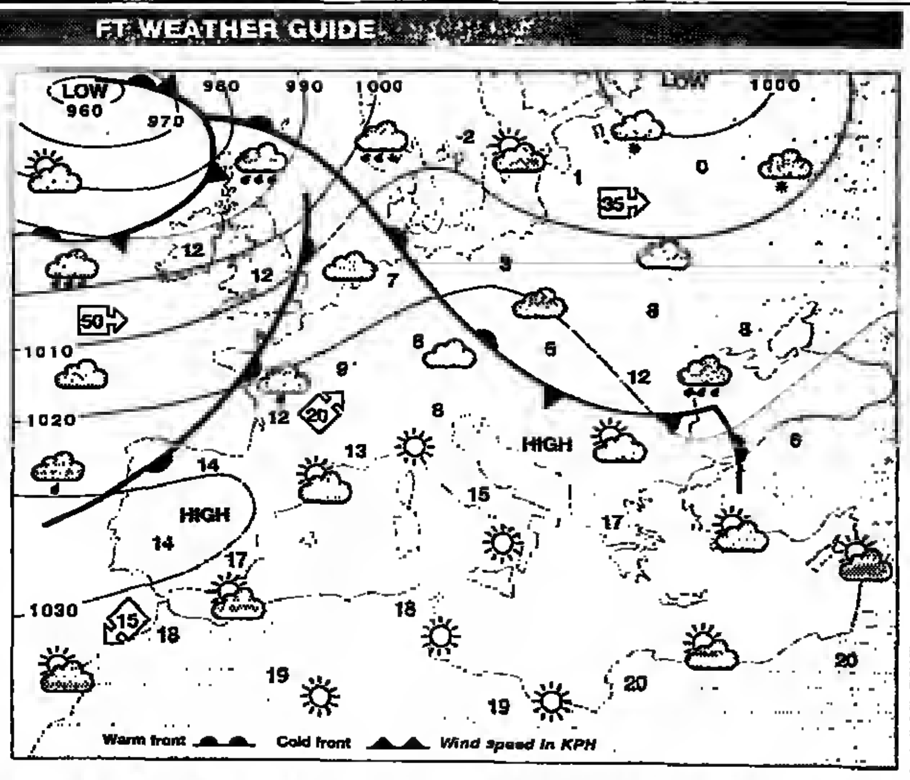
FT WEATHER GUIDE

Europe today

An active depression over the Atlantic will continue to draw milder air into the continent. France, the Benelux and Germany will have unseasonably high afternoon temperatures from 10C to 13C. Moderate to strong winds from the south-west will increase. Western coastal areas of the UK and the southern coast of Norway, will have south to south-westerly gales with a risk of strong gales over open waters of the North Sea. It will still be quite cold in Scandinavia but milder and moister air will enter the south later today accompanied by widespread snow. Sunshine will be plentiful across Italy, Greece and most of the Mediterranean. However, cloud and rain will occur in western Spain and Portugal.

Five-day forecast

It will be windy over the UK with a risk of strong north-westerly gales over Scotland by Sunday. Colder and unstable air will flow into north-western Europe causing several showers, many of sleet, hail or thunder. The cold west-north-westerly air flow will cause significant snow over the Alps in the beginning of next week. It will remain settled over the Mediterranean with abundant sunshine.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	26
Accra	fair	31
Algiers	fair	18
Amsterdam	shower	10
Athens	sun	17
B. Aires	fair	30
B.ham	rain	12
Bangkok	fair	33
Barcelona	fair	14
Beijing	cloudy	3
Belfast	rain	10
Belgrade	cloudy	9
Berlin	cloudy	4
Bermuda	shower	21
Bogota	cloudy	21
Bombay	fair	33
Brussels	shower	10
Budapest	cloudy	8
C.hagen	rain	5
Cairo	fair	20
Cape Town	cloudy	23
Caracas	cloudy	29
Cardiff	shower	12
Chicago	cloudy	3
Cologne	cloudy	9
D' Salaam	fair	30
Dakar	fair	26
Dallas	sun	15
Delhi	sun	25
Dubai	sun	26
Dublin	rain	12
Dubrovnik	fair	16
Edinburgh	rain	12
Faro	cloudy	17
Frankfurt	cloudy	6
Geneva	cloudy	5
Gibraltar	cloudy	17
Glasgow	shower	12
Hamburg	cloudy	5
Helsinki	fair	-3
Hong Kong	cloudy	17
Honolulu	fair	27
Istanbul	rain	14
Jersey	rain	11
Karachi	fair	28
Kuwait	sun	22
L. Angeles	shower	17
Las Palmas	cloudy	21
Lima	cloudy	25
Lisbon	rain	15
London	rain	12
Lux.bourg	cloudy	6
Lyon	fair	7
Madeira	cloudy	19
Madrid	fair	11
Majorca	fair	16
Malta	sun	18
Manchester	shower	12
Manila	rain	28
Melbourne	fair	22
Mexico City	fair	20
Miami	fair	26
Milan	sun	6
Montreal	fair	1
Moscow	snow	-1
Munich	cloudy	7
Nairobi	fair	25
Naples	sun	15
Nassau	fair	23
New York	cloudy	7
Nice	fair	13
Nicosia	fair	15
Oslo	snow	-2
Paris	cloudy	11
Perth	sun	38
Prague	cloudy	5
Rangoon	fair	34
Reykjavik	windy	-4
Rio	fair	29
Riyadh	sun	24
Rome	sun	15
S. Frsco	shower	13
Seoul	fair	1
Singapore	thund	31
Stockholm	cloudy	-1
Strasbourg	cloudy	9
Sydney	fair	27
Tangier	cloudy	17
Tel Aviv	fair	21
Tokyo	fair	8
Toronto	sleet	4
Tunis	sun	18
Vancouver	cloudy	8
Venice	sun	9
Vienna	cloudy	7
Warsaw	cloudy	3
Washington	fair	9
Wellington	cloudy	15
Winnipeg	cloudy	-6
Zurich	cloudy	8

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Weekend FT

SECTION II Weekend December 18/December 19 1993

A life of sex, food and fighting

*Cock-fighting is legal, with a mass following in parts of the world. **Nick Woodsworth** meets breeders and punters*

Bobby Fernandez, Rolly San Juan and I were sitting at the back of the Country Chicken Restaurant in Pasonanca, a suburb of Zamboanga City in the south Philippines. Bobby's wife owns the place, so we were doing pretty much as we pleased: telling stories, helping ourselves from a bottle of Johnny Walker sitting on the table, and working our way through huge plates of fried chicken.

Rolly is a columnist for the *Zamboanga Morning Times*, and gets around. He is a keen political observer, an inveterate sports addict, a gambler, an admirer of women and a collector of anecdotes. He was telling us about the first time he had seen the infamous "Henny" in action in a cock-fight in Cebu. A new breed of fighting cock imported from the US, the Henny had taken Filipino cock breeders, punters, and especially the cocks themselves, by surprise.

"The local champion struts into the pit, and what does he see?" said Rolly with a smile. "Not the usual opponent with neck flexed and hackles bristling, but what appears to be a docile grey hen staring at him with lovestruck eyes."

"Naturally he completely forgets that he is a total killing machine, strolls around behind the Henny, and prepares to do what cocks do best after fighting. And then – POW! – like lightning the Henny turns round, sidesteps him, and sinks three inches of steel into his ribcage. The champ keels over stone dead. The Henny is not a hen at all, but a cock bred by the Americans to look like a hen."

Bobby Fernandez laughed, but he and Rolly sat mulling over the story, a perfectly true one, with more than casual interest. It is not because his wife runs a chicken restaurant that Bobby will sit up night after night with friends discussing the finer points of man's feathered friend. Like Rolly, like thousands of inhabitants of Zamboanga, like millions of enthusiasts all over the Philippine archipelago, Bobby is a "cocker" – a keeper, trainer and fighter of game cocks.

Basketball may be the Philippines' national sport, but cock-fighting is its national passion. Many Filipinos, even those living in urban areas, keep a few fighting cocks simply for the pleasure of having them around. Rolly keeps a dozen, and fights them in a local Zamboanga cockpit on Sundays. But he spends a good deal of time with them every day, holding and stroking them, talking to them, admiring them – Filipinos, he assured me, are often more interested in their cocks than their wives.

Bobby Fernandez is in a different category altogether. As we chatted in the restaurant late into the night, we were not alone; on the broad green lawns that surrounded us outside, more than 60 fine fighting cocks sat roosting on perches in the dark. On Bobby's breeding and training farm in La Paz, 3,000 feet up in rugged, jungly mountains behind Zamboanga, were 200 more. Fighting cocks are not just a consuming passion for Bobby, but a profitable living as well.

In most parts of the world cock-fighting is regarded as a cruel and barbaric sport, and is banned. Although highly popular in England from medieval times, it was outlawed by Queen Victoria in 1849. In the western hemisphere today cock-fighting is legal only in Mexico, Panama, Ecuador, Guatamala and certain US states generally regarded by the liberal establishment as "redneck" – Alabama, Mississippi, Louisiana, Oklahoma, and the like. Even there the sport is conducted behind closed doors and far from prying and critical eyes.

Nor, juridicalty at least, is cock-fighting any better regarded in the East. Although illicitly practised in Thailand, Malaysia, Indonesia, Vietnam and much of the rest of Asia, only in the Philippines does it have a legal, mass following.

Here it is a thriving, multi-million dollar industry supported by enthusiasts ranging from rickshaw drivers to federal congressmen. In the Manila area alone there are more than 20 cock-pits, some of them seating 15,000 spectators, hosting more than 30,000 fights a year. Cock-fighting is actively supported by the government, at times even

> *POW! Like lightning the Henny turns round, sidesteps him, and sinks three inches of steel into his ribcage. The champ keels over stone dead.*

subsidised by it, for the simple reason that the state takes 10 per cent of the gate in tax.

But cock-fighting is more than just a way of trying to cut back the budget deficit – its honourable and respected status on the islands is inevitably a reflection of Filipinos and their national character.

All around the Philippines the half-dozen "tiger" economies of east Asia are surging ahead at breakneck pace – for more than a decade now hard work, single-minded discipline and personal sacrifice have allowed places such as Singapore and Taiwan phenomenal rates of growth. The picture in the Philippines is different – merely to provide reliable energy for industrial production has so far proved an unconquerable challenge.

There are scores of possible explanations. But, if allowed a little generalisation, I would put it down to cock-fighting. Filipinos do not like phrases such as "single-minded discipline" and "personal sacrifice". Industriousness and determination are not ideas to which they are naturally given. Production is anathema to them. They like friends and talk, good times and excitement. Given a little money in their pockets, they like a bit of a flutter. They like cock-fighting.

I say all this by way not of disparagement, but of compliment. I too "enjoy" sitting round wasting time and talking about inconsequential things such as cocks that look like hens. It is an enormous relief from the rest of the Asian continent's obsessive and increasingly unbalanced concern with economic growth. In Singapore, for heaven's sake, gum chewing has become illegal because it is messy and unproductive.

I am no more pro-bloodsports than I am pro-gum-chewing. But I would rather live under a government that permits cock-fighting than one that feels threatened by Juicy Fruit. And after you have met a cock or two, the moral questions that surround the sport seem to fade in significance.

"There are three things that cocks like more than anything in the world," Bobby explained to me as we drove in his jeep across the jungle lowlands towards La Paz. "They are food, sex, and fighting."

So far cocks sounded pretty much like human beings to me, and I said so.

"Yes, but the thing about the cock is that given the choice of the three, he will choose fighting every single time."

Perhaps there, I had to admit, was the difference with human beings – given the choice, a lot of us would spend a great deal of time dickering over the decision. But not the cock. "It is territoriality, it is the protection of his hens," Bobby said. "The fighting instinct is so deep he cannot help himself. What we do at La Paz is provide the perfect environment of food and sex – it is the cock himself who develops his fighting form to perfection."

As training camps go, it sounded pretty good to me.

And Bobby was not exaggerating. Two and a half hours later, after having climbed 3,000 feet over some of the steepest and roughest dirt roads I have ever seen, we arrived in what could only be described as cock heaven.

Far below lay the heat and high humidity of the tropical lowlands, the stink, noise, and dirt of urban Zamboanga. Here, in the cool and misty uplands, was a hidden valley surrounded by tropical hardwood forests, stands of giant bamboo, groves of pine and banana trees. And as far as one could see up the valley itself, tethered to roosts spread evenly over a smooth undulating surface of meticulously kept lawns, were fighting cocks – not dozens, not hundreds, but thousands of cocks, each strutting, crowing, preening and thinking

■ Continued on Page XV

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The Long View / **Barry Riley**

Profits of gloom

In the London atock market, 1993 is positively roaring towards its close. Since the Budget on November 30, the All-Share index has added 6 per cent and the total return for the full year (capital gain plus gross dividend income) is now 25 per cent.

But the star turn in the UK securities markets has been provided by gilts. The yields on long-dated UK government securities have tumbled from 8.75 to 6.5 per cent and, in the extreme case of the *irredeemables (such as War Loan) the* total return has been 41 per cent.

Looking back at what *I was saying* in this column at the beginning of 1993, it is clear that I was too cautious. Surveying the equity market, I judged that large capitalisation stocks such as those in the FTSE-100 index would find it hard to make progress in 1993, although there would be money to be made in recovery stocks and second-liners.

Certainly, the smaller stocks did their stuff – the new SmallCap index has achieved a return of 36 per cent – but aven the market leaders managed a decent turn of speed in the second *half*-year.

Nevertheless, I got *some things* right. I was correct to believe that the prevailing *economic consensus* – which, a year ago, suggested no more than 1 per cent *growth for the UK in 1993* – was overdoing the pessimism. Growth will certainly *turn out* to be 2 per cent, and perhaps 2.5 per cent or more when the *final numbers* are added up.

I also resisted the common tendency *to be too pessimistic about* gilts: at least two of the big securities houses (tactfully, *I won't name* them) were forecasting that gilt yields would have to go to *10 per cent before* the government would be able to finance its £50bn borrowing *requirement*. The gilts problem could be solved, I said in January, so *long as short*-term interest rates were cut; the government were to embrace *so-called* underfunding (finance through banks); and, most importantly, if the government were to raise taxes so as be able to to promise a lower borrowing requirement in 1994-95.

Eventually, the government got all of thia right, although the faltaring approach of Norman Lamont, then the chancellor of the exchequer, in the spring meant that the main positive response came only in the second half of the year. Indeed, by the middle of it, the market leaders in the Footsie index were showing scarcely any progress.

By then, however, I was changing my forecasts, recognising the possibility of a *liquidity-driven* surge in the market. The second half of tha year, I said at the *beginning of July, would* prove more exciting, at least until US interest rates were raised late in the year. Of course, the tightening by the Federal Reserve has not yet happened so the background has remained serene.

Two factors, global and local, have given new impetus to London's markets in the past few months. First, money flooding out of the US at the rate of $100bn a year from international mntual funds and diversifying pension funds has sent nearly all the bond and stock markets around the globe much higher (the exception being the Tokyo equity market).

This *surplus of international* liquidity has rendered positively laughable all those concerns early in the year that the British goverment, through its excessive demands for finance, might place the domestic capital market under undua pressure. Domestic and foreign investors have not only lapped up all the gilts – they have eagerly swallowed £12bn of UK equity issues as well.

Secondly, the positiva domestic factor has been the adoption of a tough fiscal policy by the government. It was in April that I first began to dwell on the possibility of a gilt-edged bonanza as yields tumbled from the then ruling 8.4 per cent to perhaps 6 per cent. Unfortunately I could not really believe it.

When Kenneth Clarke became chancellor at the end of May, however, I argued that he had a great opportunity to get a grip on the budget and turn the tables on tbe markets: investors, instead of sitting back comfortably in the knowledge that they could deal on a take-it-or-leave-it basis with the endless supplies of high coupon paper heading their way, might be panicked into chasing a declining supply of gilts on rapidly falling yields. It seemed a fantasy at the time, but it is now happening.

Against this background of tumbling bond yields, the equity market has been pulled higher, although the fundamen*tal valuations are stretched. Company* profits are showing reasonabla growth *this year, and earnings per share could* be 15-20 per cent higher for 1993, although the *picture* is *very patchy as* various recent individual company profits warnings have shown; dividend growth has been predictably poor and was damaged further by the unexpected tax hit on pension fund dividend income in the spring, as a consequence of which dividends on the All-Share index have actually fallen by 2¼ per cent this year.

In international terms, the UK equity market, despite its recent acceleration, has not performed very well this year. *The global pattern has confirmed once* again the old rule that you should buy *shares in recessions, not* in conditions of decent economic growth.

It looks as though 1993 will have turned out to be the most depressed year for the industrialised global economy (excluding the US) ever recorded by the OECD, which is estimating zero growth. But the FT-Actuaries World ex-US index is showing a gain of 28 per cent (in dollars); even the wobbly Tokyo market has provided good returns for unhedged foreigners, thanks to the super-strong yen.

On the other hand, Wall Street has lagged. The US economy, with nearly 3 per cent growth, might have glittered in a dismal global environment but American equities are up only about 6 per cent on the year (the narrowly-based Dow Jones Average glamourises the general trend). Buy the recovery story, sell the fact.

MARKETS

London

The Bank flexes its muscles

By Maggie Urry

It is the season of hopefulness. A time to believe in fairy godmothers, Father Christmas and a brighter future. If there be cynics among us, let them wait until the new year to mutter "humbug".

So let us suspend our disbelief and look to a golden future, when Tiny Tim does not die and the Footsie index reaches 3,500 by the end of January.

It has been an extraordinary week. The chance of peace in Northern Ireland, a Gatt agreement which offers the prospect of growing, harmonious world trade – unless you happen to be a South Korean rice farmer – and economic numbers appearing to promise that disinflationary growth can be a reality. And the Footsie rose 75.8 points over the week to close at another record, 3,337.1.

Inflation for the year to November is steady at 1.4 per cent with the underlying rate at 2.5 per cent, the lowest for 25 years.

Unemployment has fallen again, to its lowest level for 15 months. The Confederation of British Industry asserts that order books are improving.

On top of all this, there are hopes of a base rate cut in everyone's Christmas stocking, with the prospect of more to come in the new year.

No wonder then that the Footsie index has reached new highs, breaching the 3,300 mark and promising to carry on upwards. Many strategists are looking for the index to reach 3,500 by the summer. If that becomes the consensus view, the market will get there much sooner.

But, wait. What is this grim spectre rattling his chains, padlocks and money boxes. Not Jacob Marley, but Rupert Pennant-Rea, deputy governor of the Bank of England.

Pennant-Rea raised the spirit of Christmas Past – our old enemy, stagflation. That ugly combination of a stagnant economy and high inflation.

If the spirit of Christmas Future is to be disinflationary growth – and some economist needs to think up a catchier name for this cheerful idea – then, Pennant-Rea warned industry this week, it should not raise prices but go for volume growth instead.

The penalty of not doing as he asks could be a rise in base rates. Pennant-Rea was flexing the Bank's semi-independent muscles.

Perhaps he was observing the 1.8 per cent drop in manufacturing input prices in the year to November and the 3.6 per cent rise in output prices over the same period.

The gap might suggest a little margin rebuilding has been going on. But with demand in the economy weak, price increases in the UK will be hard to achieve – even if exporters do appear to have taken advantage of sterling's weakness to raise prices.

In the longer term, though, industry will refrain from increasing prices only if there is a huge cultural change after such a long spell of inflation. After years of recession companies want or need to widen margins.

And after years of cost-cutting, price increases are the attractive option. If cost-cutting and investment to improve efficiency are to be the means of raising margins, then unemployment could remain high.

If the economy truly is entering a new, golden era of low inflation and growth, perhaps margins do not need to be as wide as they have been in the past. But the market will need some convincing.

One sector which has embraced the Pennant-Rea philosophy already is food retailing. Prices have been cut to try to increase volume, although there is little evidence that the trick has worked.

Profits are under pressure – as Asda admitted yesterday – and, as the chart shows, the sector is one of the worst performers of the year. So much, says the market, for going for volume and not price.

By contrast, the merchant banks are one of the best-performing sectors. They have managed to increase volumes without cutting prices. And a look at the Trafalgar House rights issue this week – that unhappy company's third in two years – shows just how lucrative the business is. Of £425m raised, £40m went to the company itself. The other £21m was swallowed by "expenses."

While merchant banks prosper, so do investment managers.

Results from M&G for the year to September showed funds under management rose by 45 per cent. Shareholders benefited, too, with a 36 per cent rise in the final dividend planned. Net assets at Electra, the venture capitalists, rose by 23 per cent over the year.

Shareholders in regional electricity companies have also seen a continuation of the trend to big rises in interim dividends, although many companies have warned investors that at least part of the rise was to re-balance the two half-yearly payments.

Elsewhere, the trend of corporate news has been bad. As well as Trafalgar House's miseries – a loss of £347m after property write-downs and exceptional costs totalling £397m, and a cut dividend – Fisons, the pharmaceutical group has been in the wars again.

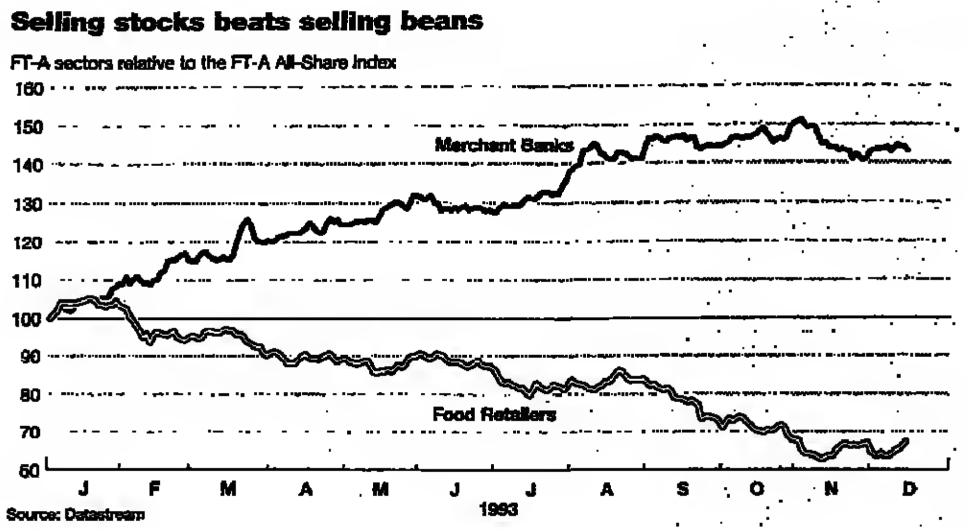
There have been a number of boardroom departures. Chief executive Cedric Scroggs was sacked this week after refusing to resign. Patrick Egan, chairman, said instead of profits forecast at £100m the company would only break even.

Dorling Kindersley, the publisher which floated last year, issued its second profit warning in a fortnight and waved goodbye to its managing director.

Pentos, the Dillons bookshop group which last month replaced Terry Maher as chairman with Sir Kit McMahon, former deputy governor of the Bank of England, warned of "substantial losses."

But corporate gloom need not dominate. The real world takes a while to catch up with what the market anticipates. And the market clearly believes in a golden future.

Selling stocks beats selling beans



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	3337.1	+75.8	3337.1	2737.6	Base rate hopes
FT-SE Mid 250 Index	3691.7	+90.4	3691.7	2878.3	Private investor interest
BP	348	+33	362½	225	Bullish UK & US presentations
Berkeley Group	510	+50	510	295½	Profits up 82%
Dorling Kindersley	245	-65	355	210	Profits warning
Eurotunnel Uts	526	+50	526	332	Tunnel opens/refinancing approved
Fisons	112	-25	251	102	Company flags poor earnings
Greenalls	445	+36	447	347	Recent results
HSBC (75p shs)	865	+47½	870	490	Switching from Standard Chartered
Legal & General	501	-23	546	408½	SIB report
National Power	469	+24	475	273	May avoid MMC reference
Pentos	24½	-10	63	24	Profits warning
PowerGen	526	+28	530	273	May avoid MMC reference
SmithKline Beecham A	405	+30	513	373	Drug approval in the US
Wolseley	873	+65	878	533	Interest rate cut hopes

Serious Money

Three cheers for the good guys

By Philip Coggan, personal finance editor

The press spends so much time criticising the financial services industry that it is nice, for once, to be able to give an unreserved welcome to a change in business practice.

Two building societies, the National & Provincial and the Leeds, committed themselves this week to transfer all savers in obsolete accounts into up-to-date accounts, paying higher rates of interest. The transfer will occur automatically and should be completed by March (at N&P) and May (at the Leeds).

The naive might have assumed that this practice would be commonplace; after all, building societies are supposed to be owned by their members. But when the subject comes up, most societies tend to mutter darkly about the costs involved.

There are two elements to this cost. The first is the administratively burdensome business of writing to all depositors to tell them when new accounts are opened, and of writing to holders of obsolete accounts to persuade them to transfer.

National & Provincial has been through this process already. In 1991, it established a "Bee Guided" initiative with a freephone line giving advice and information; it also wrote to every saver.

The results certainly were impressive. When the initiative started, an amazing 64 per cent of N&P savers had obsolete accounts; by December 1993, the number had fallen to 25 per cent.

The second element of the cost is the extra interest which must be paid to those who switch accounts. This is a hefty bill. According to N&P, some £20bn is invested in obsolete accounts, saving banks and building societies around £800m a year in interest.

N&P says it has around £380m in such accounts, spread across 600,000 savers; at the Leeds, 1m customers have £450m in out-of-date accounts. And some of these accounts are very long-standing indeed: the Whitehaven Old Series, for example, pre-dates the second world war and pays 0.5 per cent a year gross to its 13 savers.

All the account-holders who are transferred will be better off, either by receiving a higher interest rate or better terms and conditions. Savers can keep special features of old accounts, such as the ability to pay standing orders. The Leeds saye savers can even keep their old passbooks, if they wish.

These changes will be expensive for the two societies involved: Leeds said it would cost £4.5m in the year to end-September 1994 and £6m in the following year; N&P said it would cost up to £5m a year in extra interest.

So, what about these costs? The first thing to note is that this change is providing a benefit to some (but not all) of a society's members, which seems to be the point of running a building society in the first place.

Furthermore, cost does not deter societies from expensive, generic advertising campaigns which are of dubious benefit to their members.

It is possible to argue that, by attracting new savers through advertising, the society might benefit from economies of scale; but it is by no means true that the size and efficiency of societies are correlated directly.

What is much more likely is that a larger society means larger salaries for the executives involved.

One could also argue that, without public name awareness, societies might so dwindle in size that the safety of depositors' money could be affected. But other factors – such as poor judgment of loan risk – are likely to be far more important.

The low rates on obsolete accounts are, of course, used by the societies to subsidise the rates paid to other depositors. So, it could be argued that, if all societies followed the lead of N&P and the Leeds, savings rates would have to be cut for the mainstream accounts.

Why, after all, should those savers who do keep track of their money be penalised in order to reward those who cannot be bothered?

It is certainly true that many of the obsolete accounts will involve small sums (800,000 of those at the Leeds have less than £10 deposited). People probably have moved house and forgotten about the old account; or they have died and their relatives are unware that it exists.

Nevertheless, some of the account-holders will be the elderly or disabled who may not be able to make regular trips to their branches to keep up to date with account changes. They may depend heavily on the interest they earn from their savings.

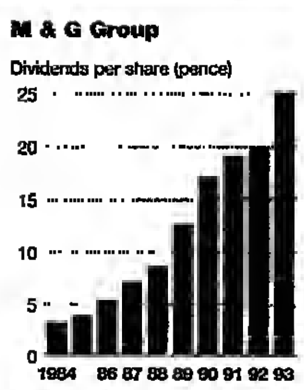
Furthermore, building societies have such a good public image that some people may honestly believe that "those nice folk at the society" would not allow them to be disadvantaged.

Such savers deserve to be protected and one can only applaud "those nice folk" at the N&P and the Leeds for taking the right action.

If other societies follow suit, and savings rates do fall marginally across the industry, at least savers have the option of switching their funds into National Savings or unit trusts.

They should even consider the obscure-sounding (but lucrative) world of zero coupon shares, which offer yields of 7-8 per cent, tax-free, for those people who do not use up their annual capital gains tax allowance.

AT A GLANCE



Chinese ire fails to dampen Hang Seng fire

Hong Kong's Hang Seng stock market index continued to soar, hitting record highs on Thursday and Friday this week. Investors appeared to shrug off the Chinese government's angry response to electoral reform proposals put forward by HK governor Chris Patten. China warned on Thursday that British trade with China would suffer from the row over democratisation, but this did not damp market confidence: the Hang Seng index gained 4 per cent to 10,339.66 on Thursday and posted a second record high on Friday with a further gain of 2.22 per cent to close at 10,568.86. Local brokers say foreign institutions are keen buyers.

Markets like M&G's 36% rise

A 36 per cent increase in the final dividend meant that the results of fund managament group M&G were well received by the markets this week. The group has benefited from the strength of world stock markets and from a revival in its own relative investment performance, since sterling left the Exchange Rate Mechanism on Black Wednesday. M&G follows a value approach to stock-picking which does badly in recessions. However, the company's consistency is reflected, not only in the performance of its unit trusts, but in its dividend paying record; the payout has increased eightfold since 1984.

First Direct cuts rates

First Direct has cut its interest rates for borrowers. Mortgage rates are now 7.64 per cent (APR 7.9) for loans under £50,000, and 7.49 per cent (APR 7.7) for larger loans, effective from December 10 for new borrowers and January 4 for existing customers. The interest rate for Visa cards is to be cut to 1.55 per cent a month (typical APR 21.4 per cent for purchases), personal loan rates to 9.75 per cent (typical APR 18.9), and the unauthorised overdraft rate on the premier cheque account to 8.5 per cent (EAR 8.8 per cent) all from January 4.

The three-dimensional cheque

The Guinness Mahon private banking group is issuing its customers with cheques incorporating a hologram as a security feature, the first bank in Europe to do so. Holograms prevent the cheques being copied on colour photocopiers, a tool increasingly used by fraudsters. Other security features, including tamper-proof inks, will help prevent alteration of payees and amounts. The British Bankers Association said that cheque counterfeiting amounted to a potential loss of £58.5m in 1992.

Benefits Agency sets its standards

The Benefits Agency, which administers state social security benefits, has launched its second Customer Charter, setting new standards for its quality of service. New benchmarks include a normal waiting time of no more than 10 minutes to see the receptionist, and responding to letters within 10 working days.

Smaller companies join the rush

Smaller company shares are joining in the general stock market euphoria. The Hoare Govett Smaller Companies Index (capital gains version) rose 1.3 per cent from 1609.28 to 1629.65 in the seven days to December 16.

Wall Street

Dow surges on while others languish

The good economic news keeps coming, and the Dow Jones Industrial Average keeps setting new record highs, but anxiety on Wall Street about the condition of equity markets continues to cast a shadow over the final weeks of 1993.

The economic fundamentals remain positive, with this week's statistics suggesting that growth is steadily accelerating. Industrial production in November rose 0.9 per cent, a stronger than expected gain and the six straight monthly increase in the output numbers. Also, housing starts rose 3.9 per cent last month, weekly unemployment claims fell in early December, and the Philadelphia Federal Reserve reported that manufacturing activity in its region has been extremely robust lately.

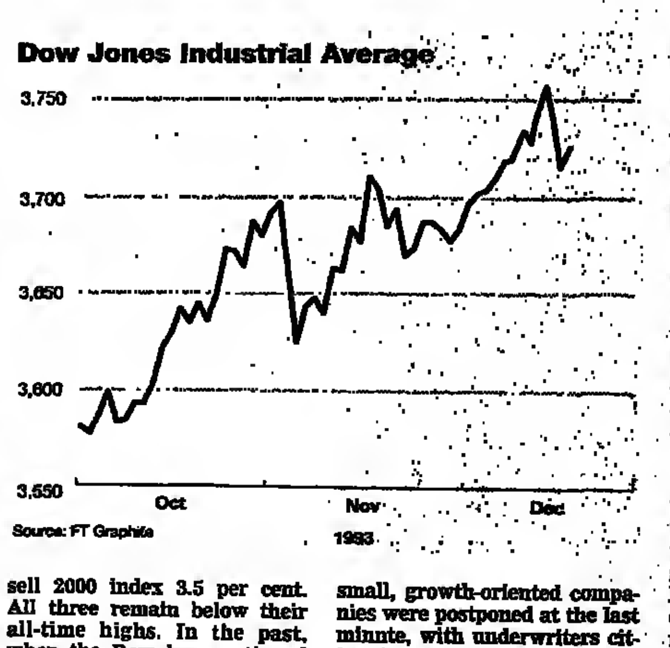
This array of confidence-boosting data propelled the Dow to an all-time high of 3,764.43 on Monday. That, however, was not as impressive as it looked. Gains in just two stocks – IBM and Minnesota Mining & Manufacturing – accounted for almost half of the day's 24-point gain, and three other stocks, Alcoa, International Paper and Du Pont, contributed the rest.

Moreover, while the Dow was reaching new highs, the rest of the market was languishing. The Standard & Poor's 500, a much broader measure of market performance, rose less than two points on Monday and remained below its record peak, while the Nasdaq composite index fell.

This divergence between the large-capitalised stocks that make up the Dow and the rest of the market – in particular the indices that track the performance the shares of small- and medium-sized companies – is cause for concern among analysts. Some believe that the market has been undergoing a corrective phase for the past two months, but that it has escaped almost everyone's notice because the Dow has performed so well.

Since mid-October, the Dow has climbed 3 per cent, and regularly moved into previously unexplored territory. Yet, over the same period, the S&P 500 has fallen about 1 per cent, the Nasdaq composite almost 4 per cent, and the Russell 2000 index 3.5 per cent. All three remain below their all-time highs. In the past, when the Dow has continued to rally to peaks while other, broader indices have lagged, it has been the sign of an exhausted bull market.

Dow Jones Industrial Average



The weakness in secondary stocks has taken its toll on the market for initial public offerings, or company flotations. This week several IPOs of small, growth-oriented companies were postponed at the last minute, with underwriters citing "unfavourable market conditions" as the reason for the hasty withdrawal.

Although a rash of pulled IPOs might be viewed as evidence that the market has overreached itself (the theory being that conditions in the IPO market have deteriorated because investor accounts, already full-to-the-brim with new stock, are being much choosier about which new issues they should buy), there may be another explanation for all the postponements.

The underwriting calendar, which is normally quiet at this time of the year, has remained unusually active this month, and underwriters are finding that there are simply too many IPOs for investors to handle. So companies have been shelving flotation plans, but most will probably return to the market in early 1994, when they expect demand from investors to remain strong.

If a deterioration in the IPO market is not on the cards, what might be lurking around the next corner that could trigger the sharp correction in the Dow that the weakness in secondary stocks has suggested may be imminent?

Perhaps a foreign political crisis? Although the Dow set a record high on Monday, it fell 50 points in the next two sessions, and traders blamed the losses on nervousness about the situation in Russia, where ultra-nationalists won a large share of the vote in last weekend's parliamentary elections.

The nationalist party's leader, Vladimir Zhirinovsky, has pledged to rebuild Russia's armed forces, has talked of reviving the nation's expansionist ambitions and has made threatening comments about Russia's neighbours. This kind of talk makes US investors nervous, even if the far right in Russia is unlikely to hold the reins of power in the new parliament.

And if developments in Russia do not trigger a panic, the situation in North Korea, which continues to make belligerent noises about South Korea, could, if it deteriorates any further, prove sufficiently disturbing to set off a stampede of selling. This may not be a particularly festive thought, but for the stock market Christmas has often been the season – the Soviet invasion of Afghanistan, the start of the Iran-Iraq war – of nasty external shocks.

Patrick Harverson

Monday	3764.43	+ 23.76
Tuesday	3742.63	– 21.80
Wednesday	3716.92	– 25.71
Thursday	3726.14	+ 09.22
Friday		

The Bottom Line

A slip from the leading edge

Becoming one of the stock market's glamour stocks can be a double-edged experience – as Peter Gill, finance director of Dorling Kindersley Holdings, freely concedes.

The publisher, which produces illustrated reference books and futuristic multimedia products, had seen its share price more than double from last October's flotation price of 165p. However, the shares dropped nearly 30 per cent on Wednesday, after the group announced the departure of its managing director and gave its second profits warning within a fortnight.

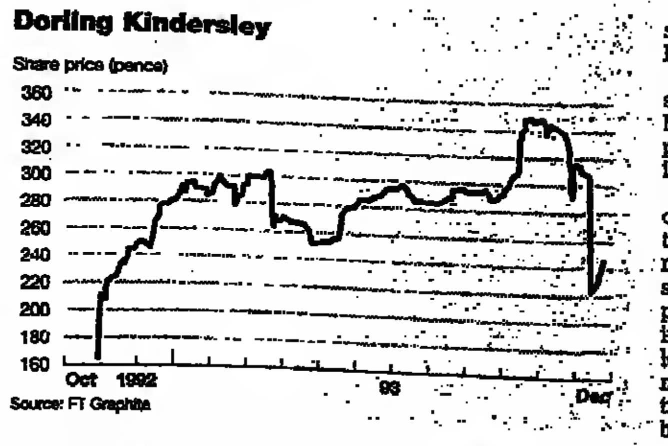
So what has gone wrong with this former wonder stock? The company blames continuing computer problems at its distributor, Tiptree Books, which is owned by Random House, the US publisher, and a slow take-off for DK Education, which supplies teaching packages to schools.

Tiptree says deliveries are now up to date and it will contest the legal claim which Dorling Kindersley is preparing. Whatever the outcome of litigation, there is no doubt that Dorling Kindersley did suffer – along with other book publishers – after Tiptree installed a new computer in July.

Dorling Kindersley can hardly be criticised for using Tiptree, which was named distributor of the year at the British Book Awards in February – at the same time Dorling Kindersley was named publisher of the year. However, the group seems to have been slow to grasp the seriousness of the problem, and is still unable to quantify its impact.

Although Peter Kindersley, chairman, said it would be wrong to blame Dorling Kindersley's problems on Richard Harman, the departing managing director, it was significant that he emphasised that Harman's successor, Rod Hare, was "a particularly effective hands-on manager, with a thorough knowledge of the business."

Dorling Kindersley



Even if the group was guilty of taking its eye off the ball, Dorling Kindersley's biggest problem this week has been the puncturing of inflated expectations. This particularly related to its pioneering role in multimedia, using CD and computer technology to combine text, images and sound.

Analysts – and journalists – are intrigued, while financial institutions are keen to have some stake in what could clearly be the next information revolution. Unfortunately, there are few quoted vehicles in this field, so Dorling Kindersley's flotation could scarcely have been better timed.

The fact that a 20 per cent stake in the group is held by Microsoft, Bill Gates's US computer software group, did nothing to lessen City interest.

The intermediaries element of last October's offer was six times oversubscribed, and 12 months later the shares were selling on an incredible multiple of 35 times historic earnings. Such a sky-high rating leaves no room for disappointment; and the market's reaction to recent bad news has been predictably dramatic.

Gill, who joined as finance director in August, says the group understands its core books business well and can reliably predict future revenue, in spite of a one-off problem such as Tiptree, which in any case only handles about 20 per cent of group sales. The unpredictability arises in its new businesses such as DK Education, which has been slower than expected to take off, and – above all – in multimedia.

Dorling Kindersley says about 10m computers capable of running multimedia programmes will be delivered worldwide next year. DK's first title, Musical Instruments, published by Microsoft last year in the US and now selling for £49 in the UK, has already won four international awards. The potential is clear, but Gill says it is difficult to tell when revenue will arrive.

This week's warning that pre-tax profits for the year to next June would be less than the £9.85m achieved last time puts the shares, after a small recovery, on a forward multiple of 23 times earnings – still hefty premium to the market.

Many investors have been attracted by DK's beautifully illustrated books and high-tech potential, but have baulked at the share price. For brave hearts who like quality and can afford a punt on information trends, this week's fall offers a buying opportunity.

Andrew Bolger

Your starters for '94

***Philip Coggan** asks stockbrokers for their trust predictions*

Stockbrokers can be right after all. Last year, the *Weekend FT* asked four private client brokers to select three unit or investment trusts for 1993. All picked portfolios which outperformed the All-Share index, even allowing for dividend income, and three beat the sector average for investment trusts.

It was a very good year for owners of investment trust shares. The FT-A investment trust index has risen 39.2 per cent to date, benefiting from a narrowing discount and the strong performance of overseas stock markets. Even so, our experts, who produced returns ranging from 26.8 to 58.1 per cent, did extremely well. Thus encouraged, we asked them to repeat the exercise for 1994.

■ Paul Killik, of Killik & Co, was the top performer for 1993. He says: "Having focused on the UK market for 1993, I am introducing a stronger international flavour for 1994. With higher income trusts looking expensive, I have given income a lower priority.

"Once again, I am leading with Law Debenture. The trust offers an attractive combination of a yield only slightly below the market, a broad international spread of investments with 37 per cent overseas, and a first class record of asset growth. The published premium to asset value is misleading as it places no value on the company's fiduciary business. The trust, managed by Henderson Touche Remnant, is Pep-qualifying.

"Pantheon International Participations would be classed as a higher risk holding because it involves investment in unquoted companies. However, as the trust invests in other venture capital funds, rather than directly into the companies themselves, the assets are very broadly spread. With 47 per cent in the UK and 45 per cent in the US, I consider Pantheon an attractive vehicle in which to participate in the recovery of smaller unquoted businesses.

"The ordinary shares of T.R. Technology are a more speculative investment as they are considerably geared. The trust invests in international high technology companies and has 47 per cent in the UK and 43 per cent in the US. It is due to be wound up in 1998, and zero and stepped preference shares have first call on the assets, at a cost of £258m. The whole trust is valued at about £265m and the excess is available on wind-up to the 36m ordinaries" (ie around 20p per share at present).

Paul Killik's 1994 selections

Trust	Price (p)	Yield (%)	Discount*
Law Debenture	745	3.1	-15.0
Pantheon International	191	0.3	10.2
TR Technology Ord	131	1.7	♠

1993 selections

Trust	% gain#
Law Debenture	35.4
Merchants	29.3
Drayton English & International	109.6
Average gain	58.1

** - sign indicates premium. # Including dividend income. ♠ Published figure for discount is 47.7 per cent. However, if one allows for the redemption value of other share classes, the Ords are on a substantial premium. Figures for 1994 selections correct as of December 16.*

■ The selections of Edwin Lilley, of Bell Lawrie White, have produced a return of 52 per cent. Lilley says: "I have a curious sense of déjà vu as I look forward to 1994.

"Most of our hopes for 1993 have yet to be fulfilled - Japan and large tracts of Europe are in recession, while the improvement in the US and UK has been sluggish at best, and real interest rates are still too high. Against this background the selections for last year could still do well in 1994.

"However, my selections start with Monks Investment Trust. It is difficult to ignore the large generalists and Monks remains among my favourites. Baillie Gifford comes across as a fairly conservative house but it is prepared to take big bets within Monks, both at the stock and country level. Intelligent use of gearing has also consistently enhanced the growth in assets and has helped on the revenue side. A sound core holding.

Edwin Lilley's 1994 selections

Trust	Price (p)	Yield (%)	Discount*
Monks	544	1.5	8.2
Murray Smaller Markets	474	1.1	3.5
Fleming Far Eastern	418	0.3	8.3

1993 selections

Trust	% gain#
Scottish Investment	27.4
Fleming Mercantile	15.5
River & Mercantile Capital	113.1
Average gain	52.0

** - sign indicates premium. # Including dividend income. Figures for 1994 selections correct as of December 16.*

"The emphasis in Murray Smaller Markets has been switched back to smaller and less accessible markets, with exposure to Japan and the US now almost negligible. The smaller markets in Asia and Latin America now account for nearly half of the portfolio, it almost falls into the emerging markets category, but the manager has the freedom to move back into larger markets if circumstances dictate. This flexibility gives the trust a distinct advantage over the emerging market specialists.

"Fleming Far Eastern provides exposure to the Far East, including Japan. It invests, therefore, in some of the most dynamic regions in the World. Japan is a problem area, but one cannot discount the possibility that the authorities will take further measures to stimulate the economy. Fleming has an established reputation for investment in this area."

■ Brian Tora, of Greig Middleton, whose selections rose 45.1 per cent, feels inclined "to play the geographic game, backed with management I feel I can rely on."

Tora says: "If Europe does come out of recession next year, then the continental bourses may have further to go, so I would plump for Fidelity European Values. In Anthony Bolton, it has one of the most respected European fund managers. The fund has large concentrations in the more familiar markets of France, Holland and Germany but is also invested in peripheral areas, such as southern Europe, and has a heavy weighting in Scandinavia.

"The recently issued Fleming Chinese Fund could also be added to a portfolio, providing the investor has either banked some of the gains achieved last year or is able to sit out the short-term fluctuations that might arise. If like me, you believe the capitalist revolution in China is unstoppable, then this has to be an integral part of any long term growth portfolio.

"Finally, for those with a nose for special situations, the Sphere Investment Trust income shares look interesting at their price of 41p. The trust yields 9.5 per cent, so at least it should pay its way. If the stock market continues its upward path, there could be a useful gain from the gearing element. Of particular interest, however, is the fact that the trust has only 18 months left to run. Already, we are seeing an increasing number of restructurings as fund managers seek to retain the money they have been managing. It would not surprise me if something similar happened to Sphere."

■ The first pick of Nigel Sidebottom, of Gerrard Vivian Gray (who managed 26.8 per cent from his 1993 picks), is a Lloyd's vehicle, Premium Trust, which was launched in December in parallel with its sister company, Premium Underwriting. Sidebottom says: "Premium Trust raised £19.8m but benefits from a £12.2m free loan from Premium Underwriting. In return for the loan, PT's capital is pledged to Lloyd's to enable PU to increase its underwriting capacity.

"The attraction of this arrangement for PT is the benefit of the interest free loan. The effective cost of the loan is the risk that the capital will be called to cover Lloyd's losses incurred by PU. However, shareholders in PT can be comforted by the fact that PU will reserve a third of underwriting profits against future losses.

"PT will be managed by Martin Currie, which will pursue a similar investment strategy to that adopted for Securities Trust of Scotland - namely, an international portfolio providing an above average income. PT is trading on a wider discount than Securities Trust.

"The market is, therefore, putting no value on the interest free loan, despite the yield enhancement of around 3-5 per cent and the gearing effect if assets rise. In my view, the shares should trade at a premium to asset value."

For his second choice, Sidebottom picks the zeros of Gartmore Shared Equity. "With interest rates still falling, net returns from cash deposits and gilts hold little attraction. Zero dividend preference shares are still a must for taxpayers who are not making full use of their annual CGT allowance, and are wary of committing too much money to the equity market.

"The Gartmore zeros redeem on April 30 2002 at a price of 198.8p, and the final redemption value is already covered over 1.2 times. If held to redemption, the shares will provide an annual compound growth of 7.9 per cent. The trust's underlying portfolio would have to fall by 17 per cent between now and April 2002 before the return from the zeros would be diminished.

"Emerging market funds had an excellent run in 1993 but still have plenty to offer. With individual markets highly volatile, one should select a well managed global fund such as Foreign & Colonial Emerging Markets.

"At the year-end, the trust had 37 per cent in the Far East with the largest holdings being in Malaysia, South Korea and Hong Kong, the latter being used primarily as a means of gaining exposure to China. Around 36 per cent of the portfolio was in Latin America, with the largest holdings in Mexico and Argentina.

"The shares trade at a premium to asset value but alternatives, such as Templeton Emerging Markets, are on even greater premiums."

Brian Tora's 1994 selections

Trust	Price (p)	Yield (%)	Discount*
Fidelity European Values	160	0.5	-6.8
Fleming Chinese	123	n/a	-1.9
Sphere Income	41	9.5	♠

1993 selections

Trust	% gain#
Merchants	29.3
Alliance	20.5
Abtrust New Dawn	85.5
Average gain	45.1

** - sign indicates premium. # Including dividend income. ♠ Sphere Income shares trade on a published 22 per cent discount but this does not reflect the redemption value of other classes of share. Figures for 1994 selections correct as of December 16.*

Nigel Sidebottom's 1994 selections

Trust	Price (p)	Yield (%)	Discount*
Premium	94	n/a	1.6
Gartmore Shared Zeros	105.5	7.9§	n/a
F&C Emerging Markets	123	0.3	-3.9

1993 selections

Trust	% gain#
Bankers	45.5
St David's Income	18.6
Jos Zeros	16.4
Average gain	26.8

** - sign indicates premium. # Including dividend income. § indicates gross redemption yield. Figures for 1994 selections correct as of December 16.*

FINANCE AND THE FAMILY

Now Ernie could make you a million

Premium bonds respond to lottery challenge, reports ***Philip Coggan***

Ernie could be creating the fastest millionaires in the west (or east) when April comes around. The top monthly premium bond prize, selected by the Electronic Random Number Indicator Equipment, is to be quadrupled to £1m.

The change is seen widely as a response to the threat of the national lottery (although this is denied by National Savings, which runs Ernie; it claims the change was a necessary updating of the system). The lottery, due to start late in 1994 or early 1995, is expected to offer prizes of several million pounds.

From April, Ernie will have no weekly draw. The monthly draw will include two prizes of £100,000, three of £50,000, four of £25,000 and 10 of £10,000. There will be no change in the distribution of smaller prizes (from £50 to £5,000).

The annual yield on the fund rises slightly from 5 to 5.2 per cent, increasing its attraction for those who can buy the maximum holding of £20,000. Premium bond winnings are tax-free. In addition, the waiting period for bonds to enter the prize draw is being reduced from three months to one month. Bonds bought in January and February will qualify.

Meanwhile, following the base rate change, National Savings is reducing the rates offered on its savings products. The main changes are:

■ A new 41st issue of fixed rate certificates, paying 5.4 per cent tax-free if held for five years. The same rates apply to the Yearly Plan. The old 40th issue paid 5.75 per cent.

■ The 7th issue of index-linked certificates will pay a tax-free return of inflation, plus 3 per cent, if held for five years. The 6th issue offered inflation plus 3.25 per cent.

■ First option bonds will pay a taxable 6 per cent if held for 12 months. Those who buy more than £20,000 of bonds will get 6.4 per cent. The old rates (which will continue to be paid on bonds bought before December 16) were 6.34 per cent and 6.74 per cent respectively.

■ A new Series H of capital bonds will pay a taxable 7.25 per cent if held for five years. The old Series G paid 7.75 per cent.

■ Issue F of children's bonus bonds will pay 7.35 per cent tax-free if held for five years. Issue E paid 7.85 per cent. The new maximum holding limit is £1,000 which can be bought on top of holdings in previous issues.

■ From January 1, the investment account will have three tiers: a taxable 5.25 per cent for deposits under £500; 5.75 per cent for £500 to £24,999; and 6 per cent for £25,000 and above. Old rates varied from 6.25 to 6.5 per cent.

■ From January 29, the income bond will pay a taxable 6.5 per cent or 6.75 per cent for holdings over £25,000. The old rates were 7 and 7.35 per cent respectively.

Finally, the general extension rate, which applies to matured certificates, falls again, to 3.51 per cent. Investors should remember to withdraw their money, or re-invest in new certificates.

When shoppers feel the pinch

Bethan Hutton looks at the highs and lows of store credit offers

With seven shopping days before Christmas, and only slightly longer to the winter sales, the bank balances and credit card limits of dedicated shoppers are feeling the strain already. As a result, customers may eye with special interest those signs proclaiming: "Open an account – spend £500 today!" or "Buy now, pay July." Store credit offers abound – but are they worth it?

Retail credit falls into two main categories: store cards and loans. Store cards are essentially in-house credit cards – you receive a monthly statement and either pay the balance in full, avoiding interest charges, or pay part and incur interest – but there are a few differences from cards issued by banks and building societies.

First, no retailer has yet dared to charge an annual fee for its card, although most credit cards these days cost around £10 a year. But store cards make up for this by charging generally higher rates of interest. So, if you always pay the balance in full, store cards are free to use.

If, however, you have a choice between using an ordinary credit card and a store card, and you think you will not be able to pay in full first time, you could be better off using the credit card – check the comparative interest rates. Barclaycard charges 1.585 per cent a month but Burton's store card charges at least 2 per cent.

Retailers also offer card-holders various incentives to stay loyal and continue shopping in their outlets. New card-holders get "welcome" offers, such as a package of vouchers or 10 per cent off the first purchase with it. Card-holders may also be invited to late-night shopping evenings and sale previews, or get extra discounts at certain times. Such offers are obviously designed to encourage more spending, but they can be valuable if used intelligently.

Customers at two large retail chains, Marks and Spencer and the John Lewis Partnership, have another reason for applying for a store card: neither accepts credit cards, although John Lewis does now accept Switch debit cards.

Some shops offer two types of card: option and budget. Option cards are similar to credit cards; with budget cards, you agree to a certain monthly payment and your credit limit is a multiple of that. If budget cards are used as intended, you almost always pay interest, so they can be an expensive way to shop.

Non-card credit offers by shops take several forms. Some are standard personal loans: you borrow a certain amount at a fixed interest rate and agree to pay it back over a period of months or years. These compare directly to bank or building society loans, and you should shop around to get the best deal before signing up for a shop's in-house offer.

More attractive are the 0 per cent finance and "buy now, pay in July" type of deals. It is difficult to find any objection to interest-free credit offers (so long as the product to which they are attached is priced competitively), but buy now, pay later schemes can have hidden drawbacks.

Basically, you pay a deposit and then nothing more until the balance is due several months later. But you often have to fill out a credit agreement form so that, if you do not pay the balance, monthly amounts become due and interest is racked up at quite a steep rate. Make a note in your diary of when the payment is due – you might not get a reminder.

These are some of the main store card groups (cards may bear the name of any shop in the group):

■ Burton Group: (includes Debenhams, Dorothy Perkins, Evans, Top Shop, Top Man, Principles, Champion Sport). Charges 2 per cent monthly (APR 26.8) for direct debits, 2.2 per cent (APR 29.8). Extra 10 per cent off for all or part of sale period.

■ Dixons/Currys: Budget card charging 2.07 per cent a month, APR 27.8 for direct debits; 2.37 per cent a month or APR 32.4 otherwise. Occasional offers such as free videotapes with other purchases.

■ Harrods/House of Fraser: 2.2 per cent, APR 29.8. Late opening nights for account-holders, gift vouchers if you spend a certain amount, and an extra 10 per cent off on the first day or first Saturday of the sale.

■ John Lewis: Lowest interest rate of all the storecards: 1.5 per cent a month, APR 19.5. No special privileges for account-holders.

■ M&S: 1.7 per cent (APR 22.4) if you pay by direct debit, 1.9 per cent (APR 25.3) otherwise. Card-holder evenings; free magazine (normally £1). No extra discounts.

■ Sears (Selfridges, Miss Selfridge, Warehouse, Wallis, Richards; lots of shoe shops including Dolcis and Saxone; Olympus sports shops; Adams childrens wear etc). Direct debit payments 2.1 per cent (APR 28.9); otherwise 2.2 per cent (APR 29.9). Holiday club with discounts for card-holders, plus special events. Also separate Selfridges Gold card with lower interest rates.

■ Storecard: (BHS, Mothercare, Habitat, Richards, Blazer). Direct debit payments 1.95 per cent a month (APR 26), otherwise 2.15 per cent (APR 29). Periodic discount offers, special evenings for card-holders etc.

■ Timecard: (Comet, B&Q, Woolworths, Next, among others). Direct debit payments 1.7 per cent (APR 22.4), non-direct debit, 1.87 per cent (APR 24.9). Discount vouchers and other offers.

Grim litany of pension faults

The pilot study of the way in which pensions were sold to people transferring out of employers' schemes, published this week by the Securities and Investments Board, makes grim reading. It shows a disturbingly widespread failure by advisers and sales agents to get enough information – particularly about the employers' schemes – to be able to give good advice.

Overall, the report found fault with nine out of 10 pension transfers. KPMG Peat Marwick, the accountancy firm which carried out the study, found just one in 20 files to be satisfactory in cases dealt with before regulators issued guidance about how to conduct the business properly.

The guidance, issued by different regulators between July 1992 and March this year, did lead to some slight improvement. Even so, the fact that four-fifths of cases still failed to meet regulatory standards underlines the scale of the problem.

This does not mean that four-fifths of the 500,000 pension transfers carried out over the past five years or so came from bad advice: in some of these cases, at least, the right advice could well have been given – even though there is no sign now that proper information was sought on which to base it.

Since the extent of the problem became clear, the SIB has been urging people who transferred out of employers' pension schemes not to panic. Chairman Andrew Large said many people had been in touch with the regulators and emphasised that an urgent review was under way. All those who had lost out because of bad advice would be compensated fully.

Large added: "Unless people particularly wish to do so, there is no need to take any action now. If you do feel anxious and wish to take some action, you can write to the compliance officer of the firm from which you bought the pension transfer, or the adviser who arranged it, stating your complaint."

While it could well take a couple of years to review all the cases where people may have been advised wrongly, all should be sorted out well before most retired.

The SIB's action is also directed at preventing such abuse in future. But in the couple of months or so before new rules and standards are in place, sales agents and advisers can continue to carry out pension transfer business if they want to – and, more to the point, if anyone wants to buy.

Alison Smith

Directors' transactions

The five-year price chart for Betterware is a technical analyst's dream. Having risen strongly and steadily through 1991/92, shares levelled off and went sideways until August this year, since when they have collapsed dramatically. The period of underperformance came not long after the Cohen family sold 13.3m shares at 230p, having previously indicated it was unlikely to reduce its stake. This factor, and the fact that UK growth clearly is slowing, gave the bears an ideal opportunity to hit the price.

At the beginning of November, managing director Andrew Cohen bought 400,000 shares from fellow director John Lloyd at 196p, but this did little to stem the flow. The recent purchases were made by three directors, including the chairman and finance director, at 142p. Between them, the Cohens retain more than 45m shares.

Regular readers will recognise the name of Richard Peskin, chairman and managing director of Great Portland Estates, one of the UK's larger property companies. He has been a consistent and regular supporter of his shares. His first purchase dates back to August last year: just 104p for 115,000. Since then the price has recovered strongly, and Peskin is now selling 750,000 at 225p. Although he retains 2.1m, there is little doubt that the move to take profits in the property sector is gathering pace.

Nor is it particularly surprising to see profits being taken at S.G. Warburg Group: chairman Sir David Scholey has sold 112,000 shares at 884p. The price has more than doubled since September last year on the back of strongly rising equity markets, not just in the UK but internationally. Brokers have been raising forecasts for Warburg and many of its peers in the merchant bank sector, and expectations are running high.

Colin Rogers, the Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
ABI Leisure	Motr	935,000	916	5
Argyll Group	FdRe	100,000	258	1
BPB Industries	BdMa	296,366	904	2*
British Gas	O&G	42,523	150	1*
Bulgin A F	Elcs	150,000	24	1
Cater Allen	OthF	150,000	869	9*
Christie Group	BuSe	1,000,000	515	1
Commercial Union	InsC	11,888	77	1*
Frogmore Estates	Prop	70,000	358	1
Glaxo	Hlth	281,460	1,928	1*
Gt Portland Estates	Prop	750,000	1,688	1
Hanson	Cong	358,915	965	2
IMI	EngG	100,000	296	1*
Johnston Press	Med	78,560	423	1
Land Securities	Prop	29,000	222	1*
Marks & Spencer	Stor	24,271	110	1*
Marling Industries	Othl	867,741	189	1
Porvair	Chem	20,000	54	1
Scot & Newcastle	Brew	31,600	166	2
Seacon	Tran	60,000	133	1
Sears	Stor	150,000	192	1*
Slough Estates	Prop	23,038	63	2*
Standard Chartered	Bank	114,392	1,396	1*
Sterling Publishing	Med	750,000	1,238	2
United Newspapers	Med	63,327	366	2*
Warburg (SG)	Merc	112,479	994	1
Watts Blake Bearne	OthF	25,000	107	1
Whitbread	Brew	6,000	34	1
Wilson Bowden	C&C	73,819	331	2*
PURCHASES				
Aberforth Small Co	InTr	14,034	25	2
ABI Leisure Grp	Motr	20,000	20	1
Betterware	Stor	31,000	44	3
Crossroads Oil Grp	O&G	4,160,000	705	2
Hong Kong Inv Tst	InTr	140,000	78	1
Oceonics	O&G	500,000	28	1
Plantsbrook	Misc	25,000	23	1
Powerscreen Intl	EngG	10,000	28	1
Racal Electronics	Elns	500,000	825	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £20,000. Information released by the Stock Exchange 6-10 December 1993.
Source: Directus Ltd, The Inside Track, Edinburgh

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Bennett & Fount ‡	2*	2½	4	2.10	Marlowe
British Syphon ‡	97	85	85	32.60	Greystone
Central Ind T/V	2800	2805	2168	758.00	Carlton Comms.
LGW	214$\frac{55}{55}$	160	158	9.50	Hoskins Brew.
LWT	622	699	585	643.28	Granada
Multitone	143*	140	131	21.50	Champion Tech.
Nu-Swift	398*	403	350	147.20	Euro Fire Sec.
P-E Intl. ‡	74	73	65	16.19	Gray Elect
Whitbread Inv Co ‡	830	920	690	523.73	Whitbread

*All cash offer. ††Value of bid based on 30% stake. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 17/12/93. §§Shares and cash. ¶Value of bid based on remaining 20% of shares. ¶¶Value of bid based on remaining 25% of shares. ‡ Net asset Value.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acatos & Hutcheson	FdMa	Oct	10,200	(7,830)	20.9	(16.2)	8.0	(5.5)
Albion	Text	Sep	1,000	(774)	20.2	(15.6)	4.0	(3.0)
Alvis	Eng	Sep	5,070	(1,159)	2.4	(-)	1.0	(1.0)
Archer (AJ) Holdings	InTr	Sep	895 L	(1,160)	-	(1.8)	1.0	(4.4)
Ardest Associates	Prop	Sep	2,290 L	(3,570 L)	-	(-)	-	(-)
Baggeridge Brick	BdMa	Sep	2,030	(1,830)	3.33	(3.03)	3.125	(3.125)
Barcom	C&C	Sep	2,560	(868)	10.8	(7.4)	3.0	(2.5)
Braebrock Group	InTr	Sep	7,850	(7,430)	8.9	(8.8)	3.5	(3.1)
Brewer Inv Trust	InTr	Nov	26,174	(26,130)	6.1	(5.96)	6.25	(6.0)
Carr's Milling	FdMa	Aug	1,890	(384 L)	10.6	(-)	4.3	(4.3)
Century Inns	Leis	Sep	4,700	(-)	-	(-)	-	(-)
Chemex	Chem	Sep	93 L	(83)	-	(0.14)	-	(-)
[illegible]	Misc	Sep	5,170	(2,220)	18.6	(17.2)	8.0	(8.15)
Chiltern Radio	Med	Sep	245 L	(382 L)	-	(-)	-	(-)
Daily Mail & Gen Tst	Med	Oct	66,700	(39,400)	101.5	(40.9)	14.0	(13.0)
Drayton Recovery Tst	InTr	Oct	532.0	(77.0)	0.77	(0.69)	8.0	(7.0)
Electra Inv Trust	InTr	Sept	341.3	(277.3)	7.544	(7.358)	7.0	(6.7)
Fairline Boats	HBL	Sep	556	(307 L)	10.6	(-)	-	(-)
Gallager Trust	Prop	Sep	1,060	(4,680 L)	8.4	(-)	5.25	(5.25)
Greencore	FdMa	Sept	33,700	(29,600)	22.9	(22.2)	8.6	(8.0)
Group Development Cap	InTr	Sept	54.3	(41.5)	0.16	(0.48)	0.3	(0.3)
[illegible]	H&H	Aug	2,180	(7,990 L)	-	(-)	-	(-)
Hardys & Hansons	BBD	Oct	7,040	(6,570)	19.26	(18.59)	8.5	(7.8)
Highland Electronics	Elcs	Mar	282 L	(-)	-	(-)	-	(-)
Hunters Armley Group	PP&P	Sep	2,870	(2,950)	8.32	(8.88)	2.75	(2.5)
Intercare Group	H&H	Oct	4,310	(3,800)	18.5	(15.5)	3.5	(2.8)
[illegible]	H&L	Sep	4,820	(11,800)	8.62	(-)	-	(-)
Lloyd (David) Leisure	H&L	Sep	5,570	(6,080)	16.65	(7.6)	1.65	(1.6)
M & G	OthF	Sep	30,500	(26,400)	47.8	(35.4)	25.0	(22.5)
Metalrax	InTr	Oct	62.9	(100.0)	-	(0.1)	-	(-)
[illegible]	Eng	Sep	20 L	(189 L)	-	(-)	0.75	(0.5)
New Zealand Inv Tst	InTr	Sept	214.63	(132.73)	1.74	(1.21)	2.1	(2.1)
[illegible]	Elec	Oct	1,310	(925)	10.7	(7.3)	4.45	(4.5)
Radio Clyde	Bdc	Sep	3,050	(1,080)	24.7	(8.5)	5.5	(5.5)
Richards	Text	Sep	71 L	(1,020 L)	-	(-)	-	(-)
[illegible] Electronics	Elec	Sep	3,320	(2,000)	25.4	(24.0)	9.0	(9.0)
Sheriff Holdings	C&C	Sep	1,710	(889)	11.5	(6.7)	3.75	(2.5)
[illegible]	FdMa	Oct	6,080	(4,700)	6.64	(3.77)	2.2	(1.9)
Southern Radio	Med	Sep	865	(774)	2.58	(2.03)	1.25	(0.756)
Stewart & Wight	Prop	Sep	170	(183)	148.3	(166.7)	-	(-)
Trafalgar House	Cngl	Sep	347,200	(11,200 L)	-	(-)	3.25	(8.0)
Unidare	Elec	Sept	4,400	(3,350)	19.46	(20.97)	10.1	(15.7)
Vaux	BBD	Sep	28,600	(20,400)	12.51	(13.80)	9.5	(9.35)
Villiers	OEG	Jul	2,855 L	(965 L)	-	(-)	-	(-)
Wassall	Eng	Sep	7,140	(7,980)	18.6	(25.04)	8.2	(8.0)
Widney	Eng	Oct	185 L	(87 L)	-	(-)	-	(-)
Wolverhampton & Dudley	BBD	Oct	38,500	(35,200)	38.6	(-)	12.8	(11.6)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abtrust New Dawn Inv	InTr	Oct	290.11	(155.99)	-	(-)
[illegible]	BdMa	Sep	324	(82 L)	0.1	(-)
[illegible] Group	Misc	Sep	21	(79 L)	-	(-)
Bell (AN)	C&C	Sep	46 L	(407)	1.0	(2.2)
Berkeley Group	C&C	Oct	12,800	(6,900)	1.9	(1.59)
Bogod Group	Eng	Sep	74	(109)	0.2	(0.2)
Booth Inds	Eng	Sep	378 L	(116)	-	(0.7)
[illegible]	Eng	Oct	420	(330)	0.24	(0.24)
Brook for the Border	HBL	Sep	149	(148)	-	(-)
Bristol Water	Wtr	Sep	4,320	(4,530)	11.1	(10.3)
Brown & Tawse	OthDr	Oct	2,030 L	(2,780 L)	-	(-)
Bulmer (HP) Holdings	BBD	Sep	2,680	(10,700)	4.0	(3.75)
[illegible]	Elec	Sep	1,980	(1,410)	4.7	(4.5)
Dartmoor Inv Trust	InTr	Oct	115.2	(74.7)	2.5	(2.4)
[illegible]	Cngl	Sep	32 L	(2,100 L)	-	(-)
Equity Consort Inv Tst	InTr	Oct	721.0	(611.0)	11.0825	(11.0825)
Ewart	Prop	Oct	251	(260 L)	0.4	(-)
[illegible]	HBL	Aug	51 L	(151 L)	-	(-)
First Technology	Mbs	Oct	1,760	(807)	1.0	(-)
[illegible]	BBD	Oct	5,570	(5,700)	3.65	(3.2)
[illegible]	Eng	Oct	10,100	(8,120)	0.833	(0.777)
[illegible]	Text	Sep	2,000	(1,530)	-	(-)
Hoskins Brewery	BBD	Sep	630 L	(50)	-	(-)
[illegible]	OthFn	Sep	7,470	(6,510)	-	(-)
London Electricity	Elec	Sep	69,800	(52,000)	7.4	(6.8)
London Merchant Secs	Prop	Sep	16,100	(10,800)	0.8	(0.8)
[illegible]	InTr	Sep	154.0	(140.0)	1.5	(1.5)
MS International	Eng	Oct	492	(230)	1.0	(1.0)
[illegible]	Misc	Oct	724	(226)	-	(-)
Northern Electric	Elec	Sep	52,600	(41,100)	7.4	(6.3)
Norweb	Elec	Sep	65,100	(53,900)	6.7	(6.0)
[illegible]	Tel	Sep	301 L	(2 L)	-	(-)
Plysu	Chem	Oct	3,410	(5,810)	2.0	(2.0)
Protean	Eng	Sep	1,720	(1,250)	1.05	(0.5)
[illegible]	BdMa	Sep	1,270 L	(226 L)	-	(-)
SEET	Text	Oct	23 L	(248 L)	-	(-)
[illegible] Selective Growth	InTr	Sept	174.0	(119.2)	-	(-)
Southern Electric	Elec	Sep	56,300	(51,500)	8.7	(8.0)
Southern Water	Wtr	Sep	64,600	(60,000)	7.7	(7.1)
South Western Electric	Elec	Sep	32,600	(23,800)	7.0	(6.3)
[illegible]	Chem	Sep	351	(200 L)	-	(-)
Swan (John)	Misc	Oct	233	(163)	-	(-)
[illegible]	C&C	Sep	2,240 L	(802)	-	(1.4)
[illegible]	Eng	Sep	1,220	(1,220)	1.625	(1.575)
TR Technology	InTr	Oct	266.35	(172.29)	-	(-)
Victoria Carpets	Text	Sep	435	(227)	-	(-)
Welsh Water	Wtr	Sep	77,300	(75,300)	8.45	(7.8)
Westport Group	C&O	Oct	220 L	(116)	-	(-)
Yorkshire Electricity	Elec	Sep	74,000	(42,500)	8.6	(7.8)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L loss. [illegible]

RIGHTS ISSUES

[illegible] is to raise £84.4m via a 1 - 8 at 220p rights issue of 20.8m shares.
Trafalgar House is to raise £323m via a 1 - 3 at 100p rights issue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Amber Day is to raise £15.5m via a placing, open offer & subscription of 29m shares.
Birse Group is to raise £24m via a placing.
Business Technology Group is to raise £8.1m via a placing and open offer of 28.3m shares at 12½p.
Coda is to raise up to £25m via its flotation.
GWR is to raise £8.72m via a placing and open offer of shares at 65p.
Park Food is to raise £200,000 via an issue of shares.
Protean is to raise £9m via a placing and offer of up to 5.55m shares at 180p.
[illegible] is to raise £2.1m via its flotation.
Trafalgar House is to raise £70m via a placing.
Winchester Multimedia is to raise £1.34m via an issue of 2.5m shares at 60p.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS					
Abbey Panels	Misc	Wednesday	[illegible]	[illegible]	[illegible]
Bellway	[illegible]	Tuesday	[illegible]	[illegible]	[illegible]
Eurotherm	[illegible]	Tuesday	[illegible]	[illegible]	[illegible]
Kelsey	[illegible]	Tuesday	[illegible]	[illegible]	[illegible]
Spirax	[illegible]	Tuesday	[illegible]	[illegible]	[illegible]
TR High Income Trust	InTr	Tuesday	[illegible]	[illegible]	[illegible]
INTERIM DIVIDENDS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. ¶ 2nd Quarter figures. ‡ 1st Quarter figures.

Trapped in a company flat

*The Leasehold Act is creating a two-tier property market. **Caroline Garnham** looks at dangers for some owners*

The Leasehold Reform, Housing and Urban Development Act 1993, was designed to give people the right to buy a 90-year extension of their lease and the right to band together with other tenants to acquire a building's freehold. These rights are available if (1) you qualify under the Act; (2) the property is a flat; (3) the rent is low; and (4) the lease is long.

Unfortunately, if you do not qualify under the Act, and your lease obliges you to seek consent from your landlord for a sale or assignment, you could discover that not only are these rights denied you, but also your lease may be less marketable – and consequently less valuable – than you had thought.

What happens if the lease is owned by a tenant, such as a company, which does not qualify under the Act, and this company wishes to sell the lease? If the lease requires the landlord's consent on a sale, and the sale is to a tenant who does qualify under the Act, such as an individual, then the landlord can prevent the sale by refusing to give consent.

In most leases, landlord's consent cannot be withheld "unreasonably". However, court decisions under earlier similar legislation have decided that a landlord who withholds his consent in these circumstances may not be acting unreasonably. For example, the landlord could reasonably argue that giving consent would reduce the value of his interest in the building.

According to my colleague, George Littler, "If landlords are able to withhold consent in this way, the marketability of residential leaseholds owned by corporate tenants will be restricted. This could depress their values significantly in certain areas and could create a two-tier market in residential leasehold property".

But why would anyone wish to buy their flat through a company in the first place?

Take Joe, for example. He was born and brought up in South Africa. He is therefore treated as a non-UK domiciled person for tax purposes. This is a particularly advantageous status which Joe was advised to maximise with careful tax planning.

Inheritance tax, which is chargeable at 40 per cent on death, is charged only on UK assets for people such as Joe. Although any flat he buys in the UK is a UK asset, it can easily be converted into a non-UK asset if it is bought through a non-UK registered company such as a Jersey company. This is why Joe was advised to buy the 65 year lease of a flat in Chelsea through a Jersey company.

When the flat was first bought, Joe's visits to the UK were well under 90 days a year and he had full time employment abroad. He was therefore technically not resident in the UK, and the only tax he was advised to plan to avoid was inheritance tax. His circumstances, however, changed a few years later when he became UK resident. Because of his South African origins, he remained non-UK domiciled and continued to retain a favoured tax status.

He was then advised that as a UK resident he could become liable to capital gains tax and income tax, but as a non-UK domiciliary, he could avoid these taxes by putting his Jersey company into an offshore trust, which he did.

Joe wants to move. His trustees are happy for him to do so and have instructed the Jersey company to sell. An English woman called Sally wants to buy the flat but the lease requires the landlord's prior consent. The landlord has refused this because, after Sally has occupied the flat for three years, she will be entitled to buy an extended lease, and after she has occupied for 12 months she would be able to participate in the collective acquisition of the freehold.

What can they do? The landlord could not normally refuse consent if Sally bought the flat through a company herself. However, if she did that she could create for herself the following tax liabilities:

■ an income tax liability on the benefit of being provided accommodation by a company. This charge is quite onerous especially if the purchase price is more than £75,000;

■ if the acquiring company is a UK company, she will have created a double capital gains tax charge. Tax will be charged once on the gain made by the company and for a second time, when she liquidates, or sells, the company to recover her funds. The tax would be based on the increase in value of her shares. This could have been avoided if the flat had been bought by her as her main, or her only, residence;

■ if the company is resident offshore, again she could have a double charge to tax, under anti-avoidance legislation, and

■ she will not have improved her inheritance tax position.

Given these tax consequences, is there anything Sally could do?

Depending on the terms of the lease, it may be possible for Sally to buy Joe's company or to form a company to buy the flat. Immediately thereafter, the company could execute a declaration of trust to hold it on trust for her.

The sale to Sally's company should not be refused consent by the landlord because it is to another company, which will not qualify under the Act. The subsequent declaration of trust is probably not an event which requires landlord's consent, although a careful review of the lease will need to be made to be sure.

Under this arrangement:

■ there will be no income tax charge under the benefit in kind legislation;

■ if the house is her main or only residence there will be no capital gains tax charge on sale, let alone a double tax charge;

■ if Sally is not keen enough on the Chelsea flat to go to these lengths, she would be well advised to look for another property, either a property owned by a qualifying tenant or where the landlord's consent is not required.

In some areas of central London the corporate tenant market may be large enough to ensure that the value of residential leasehold properties, such as Joe's flat, is not greatly depressed. However, it may have an adverse effect on property owned by a corporate tenant which is not in an area popular with foreign buyers.

The Act will not, however, stop people like Joe planning to avoid tax since problems created by the Act can quite easily be avoided by buying the flat in your own name, as nominee for your tax efficient offshore company.

■ *Caroline Garnham is a tax and trusts specialist with solicitors Simmons & Simmons*

Act fast or miss the BES

Investors still choosing between business expansion schemes should be wary of being caught by the end-December deadline. The Inland Revenue says that for an investment to qualify for tax relief, the shareholding must be entered on the company's register of members on or before December 31.

Investors who leave things to the last minute will depend on the efficiency of the sponsors to ensure this is done. But since the amount raised has accelerated in the past week, it suggests there are still many investors. Industry analyst BESt Investment said £70m was raised last week and £35m the week before. It estimated yesterday that arranged exit schemes worth £120m were still available, of which £80m were top quality.

It could be safer to send your cheque by courier or express service. Best BES Advice, published by the Allenbridge Group, suggests checking first if the issue has raised its minimum subscription: "If an issue fails to reach its minimum subscription, it will be unable to issue shares. By the time you are notified, it may be too late to invest elsewhere in the BES market."

Some sponsors have made special arrangements and many are keeping their offices open this weekend. Johnson Fry will take telephone bookings up to noon on December 31 but chairman Charles Fry expects all issues to be sold out by then. The company launched its second Mortgage Express Super Growth scheme on Thursday and had raised £2.5m of the £10m issue by yesterday lunchtime.

The contracted exit price of 120p after five years for every 100p invested equates to an annual return of 14.49 per cent to a higher-rate taxpayer investing at the 99p subscription price up to December 23. The scheme will acquire mostly repossessed properties from Mortgage Express, a subsidiary of the TSB Bank, which is to fulfil the buy-back obligations of Mortgage Express if ME does not. Minimum investment is £3,000.

MMI is running a BES collection service for investors in its schemes from December 23 until December 30. This is available to those investing at least £5,000. Close Brothers is also running a BES hotline.

Bristol Residences Companies, sponsored by Hodgson Martin, will finance accommodation to be let on assured tenancies to students and staff of the University of Bristol. The fixed exit price is 122p, equating to 14.3 per cent to a higher-rate taxpayer. Minimum investment is £2,000.

■ *For further details of these schemes, ring Best BES Advice (071-409-1111) and BESt Investment (071-936-2037).*

Scheherazade Daneshkhu

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.50%B	Yly
Skipton BS	High Street	0756 700511	Instant	£2,000	6.75%	Yly
Northern Rock BS	Postal	0500 505000	Postal	£10,000	6.85%	Yly
				£20,000	7.10%	Yly
NOTICE A/cs and BONDS						
North of England BS	Edinburgh 30	091 510 0049	30 Day	£25,000	7.25%	Yly
Teachers' BS	Minster 90	0800 378669	90 Day	£1,000	6.50%	Yly
National Counties BS	90 Day	0372 742211	90 Day	£10,000	6.80%	Yly
Chelsea BS	Base Rate Plus II	0800 272505	1.4.95	£5,000	7.50%A	Yly
MONTHLY INTEREST						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.30%B	Mly
Bristol & West BS	Balmoral Monthly	0800 100117	30 Day	£10,000	6.30%	Mly
				£25,000	6.60%	Mly
West Bromwich BS	180 Day	021 525 7070	180 Day	£50,000	7.25%	Mly
TESSAs (Tax Free)						
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
Hinckley & Rugby BS		0455 251234	5 Year	£25	7.75%	Yly
Melton Mowbray BS		0664 63937	5 Year	£1	7.70%	Yly
National Counties BS		0372 742211	5 Year	£3,000	7.70%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.00%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.60%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	6.69%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Confederation Bank (J'sy)	Flexible Inv	0534 608060	60 Day	£10,000	6.75%	½Yly
				£25,000	7.00%	½Yly
Yorkshire Guernsey Ltd	Key Extra	0481 710150	180 Day	£50,000	7.75%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.30%	Yly
Prosperity Life FN		0800 521546	2 Year	£25,000	4.78%	Yly
Financial Assurance FN		081 367 6000	3 Year	£50,000	5.20%	Yly
Financial Assurance FN		081 367 6000	4 Year	£50,000	5.65%	Yly
Liberty Life FN		081 440 8210	5 Year	£5,000	6.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%G	Yly
	Income Bonds		3 Month	£2,000	7.00%H	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%I	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00% +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. A = Rate guaranteed to be 1.5% above base rate (min 7.5%) until 2.4.94 and then 1% until maturity. B = 10 days loss of interest on all withdrawals. Rate guaranteed to 28.2.94. G = 6.5 per cent on balances of £25,000 and over. Rates set to fall from Jan 1. H = 7.25 per cent for balances of £25,000 and over. Rates set to fall from Jan 28. I = 6.4 per cent on balances of £20,000 and over. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

A new world of opportunity

***John Cuthbert** looks at the mounting attractions of international growth unit trusts*

For years, buying an international growth unit trust meant geographical diversification, with a dollop of Far East exposure thrown in for spice. Not any more. Technology, increasing global competition and emerging stock markets have shaped a new world of investment opportunity.

These changes have transformed the character of the international growth sector. Trusts now come in three broad shapes and sizes: global growth, emerging markets and specialist (from small companies to bio-technology).

The differences between the investment objectives, the managers' constraints and the risks of these different types of international trust are now so great that investors must take them into account when assessing past performance. The best way to do this is to treat each of these three types of separate classifications in their own right. For these reasons, we will be reviewing the international growth sector in two parts*, starting with global growth funds and following with emerging market and specialist funds.

This division also helps to redress the domination of the cumulative total return tables by emerging market and specialist funds – a situation which obscures the existence of a number of global growth performances of equal worth.

The main aim of this review is to spotlight the funds with the best historical performances. To do this, we have adopted three performance standards. The first is the FT-A World ex-Japan index, which acts as our benchmark for selecting the best performances. Only funds that have outperformed this index in the four years to November 30 1993 are worth considering.

We have selected the World ex-Japan rather than the FT-A World because the high weighting and poor performance of the Japan market has acted as a considerable drag on the World index. Thus, managers could have beaten the FT-A World simply by underweighting Japan alone. How managers have reacted to Japan is an important measure of their asset allocation skills but should not be the overwhelming one.

A global growth fund could just as easily have beaten the benchmark by exposure to the emerging markets. In fact, this is exactly what many funds have tried to do, with trusts increasing their emerging markets holdings. Baring Global, for example, has maintained a 25 per cent emerging market weighting. Martin Currie International Growth has opted for even more. For these reasons, performance assessment has to take risk into account. So, our second performance standard is the ratio of a fund's risk to its return. The figure for the FT-A World ex-Japan index is 0.21. Good fund managers must aim to beat this.

This approach has produced dramatic results. Strong total-return performers like Baring Global, Templeton Global, GAM International and GT International, which are otherwise well-managed, are excluded from our "magnificent seven" list because of their higher than average risk profiles. On the other hand, Martin Currie and Framlington International Growth have achieved high risk/return scores in spite of their higher risk. This is evidence of managerial ability.

The final standard is consistent outperformance of the chosen benchmark. Each fund's performance has been divided into four year-on-year total returns. It is paramount that performance should be assessed in this way, rather than on a cumulative basis.

In the past four years, most global funds have been very wrong on Japan. But a four-year cumulative total-return figure does not show this because many global funds also have a heavy UK weighting. The explosive performance of the UK market in the past year has allowed many managers to catch up all they have lost in the previous three.

Consistency is a way to measure the success of the manager's asset allocation strategy. Like our other two measures, consistency is a measure of manager ability.

In all, the international growth sector has 159 funds. We have surveyed the 80 or so of these which qualify as global growth funds with four-year records, and the seven best performances are shown in our main table.

To these seven could have been added a further four. Rock Asset Managed, Cannon Global, GA Growth Portfolio and GT International have all beaten the benchmark on a total return and risk/return basis. In addition, there are younger funds with risk/return performances that would have merited inclusion here were it not for their youth. The best of these are Clerical and Medical UK and Overseas, Newton General, Prosperity Global PEP, and Smith & Williamson Thorobred.

Although our top seven have been ranked on the basis of risk/reward scores, these figures reflect different strengths and weaknesses. Framlington and BOI Worldwide Opportunities, for example, have made their way into the top seven despite their high risk ratings. But that is about all they have in common.

Whereas BOI Worldwide has the most distinguished record of outperforming the benchmark consistently, Framlington's stock-picking history has been a roller-coaster ride. Interestingly, Framlington's strong 1991 performance was the result of quality stock selections in the US market where most other managers have failed to make headway.

BOI, by contrast, has done well in Hong Kong, another market where many managers have fought shy. Also, it has maintained a very high exposure to emerging markets; hence the high risk rating. Investors have been rewarded for this risk; hence the high risk/return score.

Martin Currie International's calamity was to have been exposed to Latin America when the Bolsa turned belly-up, and its 1991 record suffers as a result. Otherwise, this is a slight blemish on a record which stands out for many reasons – including getting Japan just about right.

The tactical emphasis of Scottish Equitable's Worldwide Tactical performance trust is at once both the fund's strength and an insight into the sector's most troubling weakness. Whereas most international growth funds maintain some exposure to a core group of markets regardless, Scottish Equitable buys only in those markets which it deems attractive.

The most striking statistic is the 1990 return of the Perpetual PEP Growth and Income fund; that year, the World ex-Japan index lost 19.35 per cent and the international growth sector followed suit. But Perpetual PEP Growth made money out of a highly defensive UK equity strategy.

Indeed, like BOI British and Overseas and Newton, Perpetual maintains a minimum proportion of the fund in UK equities. In part, its high risk/return rating results from the UK's strong performance, but its steadiness is helped also by success in the US and the Far East.

Part two next month.

INTERNATIONAL GROWTH SECTOR

Fund names	Year	Total return per cent	Benchmark per cent	BM ratio	Risk relative to sector	Risk description	Risk/return
Perpetual Pep	1990	1.9	21.2				
Growth	1991	27.3	1.3				
	1992	26.3	-0.7				
	1993	31.3	13.1				
TOTAL		82.6		1.74	1.06	AVERAGE	0.35
Abbey International	1990	-15.6	3.7				
	1991	20.4	-5.6				
	1992	19.0	-8.0				
	1993	42.5	24.3				
TOTAL		59.7		1.25	1.02	AVERAGE	0.27
BOI Worldwide	1990	-18.8	0.8				
Opportunities	1991	26.9	0.9				
	1992	41.8	14.8				
	1993	36.5	18.3				
TOTAL		79.2		1.66	1.39	HIGH	0.26
BOI Brit and	1990	-15.5	3.9				
Overseas	1991	24.7	-1.3				
	1992	32.6	5.6				
	1993	23.3	5.1				
TOTAL		60.8		1.28	1.1	ABOVE AVE	0.25
Scottish Equitable	1990	-22.6	-3.2				
Worldwide Tactical	1991	29.8	3.8				
Performance	1992	20.9	-6.1				
	1993	43.5	25.4				
TOTAL		62.6		1.31	1.16	ABOVE AVE	0.24
Martin Currie	1990	-17.7	1.7				
International	1991	34.4	8.4				
Growth	1992	18.5	-8.5				
	1993	30.2	12.0				
TOTAL		60.7		1.27	1.16	ABOVE AVE	0.23
Framlington	1990	-21.2	-1.9				
International	1991	60.7	34.1				
	1992	17.7	-9.4				
	1993	21.0	2.8				
TOTAL		68.0		1.43	1.34	HIGH	0.23

KEY TO TABLE: Years are November-to-November. NB The four year total is based upon monthly percentage changes so does not sum to the four year-on-year totals. The Benchmark column shows the arithmetic difference between the fund's return and the index's return. The BM or benchmark ratio expresses the percentage outperformance by the fund over the four years. Risk is total risk or volatility. Total risk is measured by the monthly standard deviation over four years to November 30. Risk relative to sector is each fund's standard deviation divided by the sector's average standard deviation of 4.52. Risk/return is the division of the four year average monthly total return by the four year monthly standard deviation. Return data is offer-to-offer, net income reinvested. Source: Hardwick Stafford Wright. Other calculations: J Cuthbert.

Fun factory: Ted Gaffney, managing director of Gaffney of Tiptree, which makes novelty goods

Colin Beere

Novelties have not worn off

***Clive Fewins** visits a family business that has been big in party hats for 40 years*

They were in turmoil at Gaffney of Tiptree over what to wear at the family party for Ted Gaffney's 70th birthday. Should it be the fireman's hats, or the glitter crowns, Father Christmas masks, or stars and stripes bow ties? Perhaps a combination of all these might be more suitable...

"In the event we'll probably settle for plain suits and dresses," said grandfather Gaffney, managing director of party novelty specialists Gaffney of Tiptree. "We don't like to be too outrageous – not in public, at least!"

The family business has specialised in the outrageous since the end of the second world war when Bow-born Arthur Gaffney, then 47, had to find something to make instead of pumps to remove the water from air raid shelters.

The only material to hand was plywood. There were tons of off-cuts, scrap from a local company that had made wooden wings for aircraft. Arthur started making toys, he was joined in 1946 by his three sailor sons, Arthur, now 72, Ted, 70, and Reg, now 67.

The quartet moved the business twice before moving 50 miles north of London to a former builders' merchant's 16 acre site on the edge of the Essex fruit growing village of Tiptree 18 years ago.

There they decided to concentrate on novelties. "Cheap imported toys were making our products less and less competitive. We had been building up our stock of party lines and knew there was a good market for many of them," Ted said.

The workforce, full and part-time, numbers 120, and there are 200 outworkers.

"The quiet patch after the Christmas boom does not usually last very long," Ted said.

"At the end of November we had a rush for fairy wands and tiaras to be delivered to theatre gift shops in advance of the pantomime season. As soon as Christmas is over we shall have to gear ourselves up for Valentine's Day."

The Gaffneys supply many British stores with seasonal novelty items. They claim to be the only UK company with an automated line manufacturing party streamers, and their warehouse usually stocks 100m balloons.

"At peak times we pack 1m balloons a day," said Ted. "All our balloons come from Mexico. They are among the 10 per cent of our lines that we import, but they account for about 20 per cent of our turnover. Most other products we make here, but because they are mostly cheap items, made of cardboard and plastic, our profit on turnover is low – we aim at about 12 per cent."

Last year was the best in the company's history. Turnover was £2.75m.

"In times like the present people often don't have the money for large items such as holidays and cars, so they often spend their money on small inexpensive things like our novelties," Ted said.

"There is scarcely a day when we are not working on some new line," said Reg, who is chief ideas man and works closely with his son Raymond, 38, to develop products.

The Gaffneys have lost count of their total lines, but a glance at their multi-coloured catalogue reveals at least 500, if you can be bothered to count. These all sell in shops under the Galaxy brand name, but a high proportion of the output also sells under the own brands of many of the big high street chains.

"Our association with Woolworths goes back 52 years. It was 1941 and the bombs were dropping when a Woolworths buyer knocked on the door of dad's original factory in Walthamstow to ask if there was anyone in the area who made things for kids," Ted said.

The brothers do not know what proportion of their products end up overseas, except in the case of punchboards. They manufacture several hundred different designs of these under the brand name Money Makers. These are fund-raising devices used in clubs and by charities all over Europe, and are made in nine languages.

In the late 1960s, when the Gaffneys were trying to get into punchboards (originally a US idea), they had problems working out how to insert the tickets into the boards. Ted went to Chicago and bought machines built in the 1920s by associates of Al Capone. They are still functioning in the Gaffney factory, and are lovingly maintained by the fifth male Gaffney in the business, 43-year-old Paul, son of Arthur.

Irene, who is married to Ted, supervises the payroll and Arthur's wife Louise, looks after the accounts.

Hats and other novelties form about 50 per cent of turnover. Of the other novelties three of the biggest lines are tooters, blowouts and bubble kits. The bubble filling department is one of the biggest in the factory. At peak times there is a staff of 12, stirring the magic brew – there are 17 separate ingredients in the secret recipe – and packing the tubs into boxes.

"There used to be about 10 companies making bubble tubs in this country. Now there's just us and one small competitor," said Ted. "We keep a careful eye on him."

Bubbles are a big spring line. Early in the new year a number of the Gaffneys' staff will move into the bubble department to form a double shift.

"It is one of our lines that seems to just grow and grow," Ted said. "Sometimes we wonder when the bubble is going to burst."

■ *Gaffney of Tiptree, Progress House, 50-72 Newbridge Road, Tiptree, Essex CO5 0HZ. Tel: 0621 815910.*

Computing / **Jean Miles**

Programs to work out your taxes

If self-assessment of income tax arrives as promised in 1996, we can be sure that a clutch of helpful computer programs will follow. Some are already with us. On the other hand, some of the software houses to which we might expect to look for help, such as *Intuit* and *Sage*, hesitate to get involved with this murky subject. I can see why.

A tax practitioner was quoted in the *Weekend FT* recently as saying: "It is amazing how intelligent people seem to have difficulty with their tax returns." Perhaps I might explain.

Sorting out the paper work and filling in a tax form is not particularly difficult. Deadly, but not difficult: rather like doing the ironing. But understanding a tax inspector's thought processes when the assessment comes home, now that's another matter. Few of the figures on the assessment seem entirely to match the ones I submitted. Why? What has happened to the covenants? Why has part of my husband's personal allowance been transferred "elsewhere", away from PAYE?

A tax accountant told me that his professional estimate of a client's tax liability never turned out to correspond precisely with the official assessment.

Similarly, when I tested five personal tax programs using the figures I had submitted with our most recent tax returns, no two of them produced the same answer.

Self-assessment is not going to work until the tax rules and their application, however extensive and complicated, are as unambiguous as the London street map or the rules of chess; and until a way is found to make straight the paths leading from the tax return to the assessment.

The available computer programs fall into two categories: cheap and expensive. The cheap ones cost £50 or less, the expensive ones about three times as much. The difference lies in the greater sophistication of the expensive ones, and in the fact that they have share portfolio modules which will calculate capital gains tax as well as manage the lists of dividends and tax credits.

A cheap program, the Consumers' Association's *TaxCalc*, came closest to the right answer for our own tax liability (I think).

This program does not always get the press it deserves, because the Consumers' Association will not send out review copies, and journalists do hate paying for anything.

TaxCalc leads users in commendably clear fashion through the tax return. I am sure its success at getting the answer stems from that clarity. It also sets out its results clearly, and prints a report which you can sign and submit as your return. An extra bonus: it runs from a single floppy disk.

There are drawbacks: you cannot update *TaxCalc*; next year, you will have to buy it all over again. And you cannot enter the particulars of your income in this program. You will have to go through the printed report at the end and fill in the name and address of your employer and your building society, the recipients of your charitable covenants and so forth. If you have a substantial share portfolio, adding the names of the individual shares afterwards to *TaxCalc's* list of dividends is not really practicable. But even in that case, this program is an excellent way to check your tax assessment.

PC Tax Adviser is another of the cheap programs. It does allow you to list the sources of your income. They will be printed in the report, and you can carry them forward to next year. I liked the way the program was set out. But I had some trouble tailoring our information to fit *Tax Adviser's* expectations – for example, we received both taxed and untaxed bank interest in 1992-3; *Tax Adviser* did not like that.

The same problem arose with interest on gilts. This program still might be worth a look if you have a share portfolio and your other tax requirements are fairly simple.

Digita's *Personal Tax Planner* did somewhat better on categories of income. It, too, will run from a single floppy disk. But the dull screens are hard to use, and look at least five years out of date. Digita invites users to classify income as "Self", "Wife" or "Joint". I am surprised the politically correct have not caught up with them for that.

TaxCalc allows you to enter a figure for capital gains, and gives some guidance on where to get advice on the subject. The current versions of *Tax Adviser* and *Personal Tax Planner* leave capital gains tax out altogether.

The expensive programs are edging towards the sort of thing an accountant might use. Vital Software's *Tax Reckoner* is an old friend; I have recommended it before. A *Windows* version is planned for next year. Microhelp's personal tax program is a newcomer, hived off from a suite of programs developed for accountants.

Both are good: both are aware of the odder by-ways of the tax system, such as the Rentaroom scheme: both produced answers quite close to the figure *TaxCalc* and I judge to be right; both will keep track of share portfolios from year to year, calculate capital gains, and relieve you of the dreaded chore of typing lists of dividends and tax credits.

Microhelp will sell you a cheap version which will prepare the schedules to attach to your income tax return, but will not calculate the tax due. That could be a very good way to look at the program and decide whether you want to go further.

If your affairs are complicated and you dislike turning the job over to a professional adviser, you should consider one of these programs. But the price does represent a considerable outlay, and, as with any tax program, you will have to buy an annual update.

The small companies which market them do not offer the sort of security you might have with a large software house – but then, there is not really much security anywhere in the computer world.

■ *All the programs mentioned run on IBM and compatible computers. All the prices mentioned include VAT.*

■ *TaxCalc costs £19.99 to members of the Consumers' Association, £24.99 to everyone else. Tel: 0800-252-100.*

■ *Digita's Personal Tax Planner costs £49.99. Annual updates are £12.50. Digita International, Black Horse House, Exmouth EX8 1JL. Tel: 0395-270273. Fax: 0395-268893.*

■ *PC Tax Adviser costs £49.95. Updates are £9.95. HCS, 3a Dudley Rd, Ashford, Middlesex, TW15 2 LE. Tel: 0784-255024.*

■ *Tax Reckoner costs £99.95. The update for 1993-94 will cost £39.95 without a new manual, or £49.95 with one. Vital Software is at Dover House, Oxonhoath, nr Tonbridge, Kent TN11 9SS. Tel: 0732- 810330.*

■ *The Microhelp programs cost £23.50 for either the income tax or the portfolio module, without the computation facility. For upgrades and other prices, write to the company at Antrobus House, College Street, Petersfield GU31 4AD.*

Reclaiming income tax

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

My wife and I have established a discretionary trust, with our grandchildren as the beneficiaries.

One of our sons works for an EU institution abroad and his children have visited Britain only on holidays.

When they get income from the trust, can they claim back the income tax already deducted from it, as their UK-resident cousins can do? If so, where should their father apply for such repayment?

■ It appears that your grandchildren are British citizens no matter where they live. Thus, they are entitled to their annual personal allowance for income tax.

It should be possible for them to claim back the tax deducted on payments from the trustees. In order to do this, the trustees should supply the children with a certificate showing tax deducted. This should be submitted with a letter requesting a refund to Claims Branch, St John's House, Merton Road, Bootle, Merseyside L69 9BP.

You will need to check the way in which the income distribution is taxed in the country where the children are resident.

Reply by Barry Stillerman of accountant Stoy Hayward.

Wrong advice by tax office

My tax office says the expiry of an unexercised traded option is not allowed to be counted as a capital loss. But LTOM's *Book of Traded Options* implies clearly that, for tax purposes, a capital loss arises on the date of expiry of the option. Could you clarify this?

■ Your local tax office is talking nonsense. The rules for traded options changed more than 13 years ago, in section 84 of the Finance Act 1980. The present law, as re-enacted in section 144(4) of the Taxation of Chargeable Gains Act 1992, says: "The abandonment of ... a traded option ... shall constitute the disposal of an asset (namely of the option)."

For the benefit of other people who may believe what taxmen tell them, you should write to the District Inspector (marking both your letter and the envelope "For the attention of the District Inspector") asking him to draw section 144(4) of the TCGA to the attention of the officer who misinformed you.

On the expiry day, you had an allowable loss equal to the cost of the option indexed from the month of purchase to the expiry month. This is also true for London Stock Exchange traditional options. Because of Budget changes, there will be no indexation relief for options expiring after November 29.

Bequest might be too big

My wife and I have no close relatives and are considering leaving our estates to a small Baptist chapel of which we are members. But I am concerned that the amount – roughly £275,000 – might be an embarrassment because of the chapel's lack of experience in handling sums of this size.

Would forming some sort of trust, to provide income, be the best way to proceed? Are there any obvious difficulties to such a plan?

■ We understand that you are proposing to write your will so that all assets pass to the surviving spouse, with the chapel receiving all the estate on his or her death. Under these circumstances, there should be no inheritance tax payable on the first death and, so long as the bequest is made to a registered charity, no IHT would be payable on the death of the survivor.

In your wills, you could leave the estate in a trust on the death of the surviving spouse. The trust could be a charitable one and would need to be registered with the Charity Commissioners, having as its aims the provision of income and capital, where necessary, to the chapel.

Selecting the trustees is crucial. Their duties include investing the capital and paying income to the chapel. Also, they can be empowered to advance capital to the chapel if authorised. Thus, it is important you are satisfied the trustees would act responsibly.

Reply by Barry Stillerman.

Peps: hijack or robbery?

Are managed personal equity plans a good deal? Statistics suggest Pep providers get more from running schemes than investors are receiving in tax breaks.

Whitehall estimates the exchequer will lose only £150m in revenue from Peps this financial year – cash which, largely, represents the savings to investors from receiving company dividends tax-free. The savings are made up of basic-rate tax credits which City institutions reclaim on behalf of their Pep customers, plus the freedom from any further income tax enjoyed by those who are 40 per cent taxpayers.

The amount seems small when set against the £14bn now estimated to be invested in all Pep schemes, but it reflects two simple phenomena. The dividend yield on ordinary shares is very low at present: those in the FT-SE 100 are yielding only 3.8 per cent gross. And the tax credit reclaimable on company payouts is now only 20 per cent.

Shares worth £14bn now generate around £532m in gross dividends, on which reclaimable tax credits amount to £133m. Take into account the extra tax savings to higher-rate taxpayers and the £150m estimate looks reasonable.

Around £7bn, half of the £14bn, is held by Pep investors directly in company shares although the cash has to be channelled via a Pep provider in a so-called "managed Pep" rather than through unit and investment trust Pep schemes. So, it is reasonable to assume that £75m, or 50 per cent of the £150m tax saving, flows to direct Pep investors.

These select shares for themselves or allow the provider to do it for them. Either way, providers levy an annual management charge – typically, 1 or 1.25 per cent of portfolio value (which makes many such Peps worthless for basic-rate taxpayers now the tax credit has been cut). It is not hard to see that, on the £7bn held by these investors, providers reap a handsome harvest – revenues of £70m to £87.5m in annual fees alone.

The bounty hardly stops there. The Pep industry sometimes charges fees for opening Peps, closing them, making cash withdrawals ... just about anything it can think of. According to some estimates, providers of direct Peps get £100m in annual revenues while the investors who pay these fees collect £75m in tax savings. Hijack or daylight robbery?

As for the other £7bn held via unit and investment trusts, many managers make great play of charging no extra to Pep investors. Those in a unit trust pay the same, via annual management charges and the bid-offer spread, as a non-Pep investor. But if, as the providers always argue, Peps are costly to administer, then are their non-Pep customers subsidising their Pep clients?

Nick Gilbert

TRAVEL

Taken for a ride in the Wild West

Hilary Rubinstein experiences the spectacular scenery of Wyoming – and the joys and hazards of life on a ranch

God Spends His Vacation Here" is the claim inscribed on the ashtrays of the Rustic Pine, Dubois, Wyoming.

It is a bar that might have been lifted out of any classic Hollywood western: a hugely long counter, wooden cubicles on the side, lots of elk and moose heads, a pool-table out back and square dancing on Tuesdays.

On the street, with its many log buildings and wooden sidewalks, the Rustic Pine makes another resonant boast with its neon-lit board: "The Wnrld's Most Unique."

With their long, straggling main streets, their depressing line of motels, supermarkets, gas stations, shops selling American-Indian tat, trailer homes and camper parking lots, there must be scores of places like this scattered all over the American West.

Dubois offers all these eyesores, but it has some redeeming features – most notably, spectacular country in avery direction, all of it strangely familiar from dnzens nf movies.

To the north lie the Absaroka mountains, tree-covered and alpine on their lower slopes, rising to snow-covered peaks even in July. To the east and west are the vivid rose-red and yellow badlands.

Passing close to the town is the lovely, sinuous Wind River, famous for its variety of trout. Take a dirt road for half a dozen miles and you will be on the threshold of tha Wind River mountains, Wyoming's premier back-packing area, with its many lakes and peaks rising to almost 14,000 ft. And two hours' drive away you can reach Grand Teton and Yellowstone national parks.

For most of the past century, Dubois has lived off its cattle rearing and logging, but now the riding, trekking and fishing communities have begun to wake to its tourist attractions.

There are no decent hotels or restaurants yet; they will come in time. Meanwhile, if you are content to eat beef – especially prime rib – you will not lack for calorific intake.

All along the Wind River valley, guest ranches are springing up, sometimes attached to a working cattle ranch. Accommodation tends to be in rustic log cabins with wood-burning stoves. Some have all the amenities of a good hotel: pools, saunas, hot tubs, decent cooking.

My party comprised seven geriatric dudes – dude being a term of contempt for some, but in these parts a neutral description of city folk holidaying on a ranch. Six of us were in our mid-60s to mid-70s and only one of us had done any serious riding before.

Were we nervous? You could say so. One so-called friend told us of an article by Clement Freud who had come out to do some riding – he's an experienced horseman – but had fallen off on his first day. The horse fell on him and ha broke a limb and wrote a funny piece about his hospital experiences.

We were advised before leaving to bathe in vinegar to minimise our saddle sores; to buy a stock of Arnica ointment for the abrasions we would surely get along our thighs; and to be prepared for ticks, laeches, snakes and mosquitoes.

Our ranch had sent us in advance a list of recommended items: riding boots and lightweight walking boots (bought locally for a fraction of the price they would have cost in Britain); powerful sunblockers and chapstick; lnts of warm clothing and sleepwear (the nights can be bitterly cold); and mosquito repellent (another must).

We did not encounter the leeches or the snakes, but were given instructions for dealing with the ticks which, we were told, like to attach themselves to private parts and can give you a nasty disease if you don't quickly light a match, blow it out and apply the hot end to the little beast.

As for the riding, it was for all of us wonderful. We trotted and cantered; we hacked through beautiful scenery; and on an all-day expedition rose effortlessly up precipitous slopes from 7,500 ft to a summit of over 11,000 ft.

After eight hours in the saddle we were exhausted, but exultant to have stayed so long on our mounts without aches or sores.

How do I account for our painless initiation? First, the high quality of our wranglers, those in charge of the corral, and their helpful instructions. Second, the sure-footed confidence of our horses and their toleranca of our inexperience. Finally there were those wonderful western saddles, with pommels in front as an extra security and a back moulded to the human buttock.

The pleasures of our ranch holiday were not confined to the riding. Wa went for long treks; canoed up river creeks – magical at dusk when nocturnal birds and beasts came out to drink; swam in glacial lakes. We even took ourselves to Dubois ona evening for the weekly square-dancing.

It seemed absurd to have travelled so far and not seen anything of the two great national parks in the vicinity. So, at the end of our fortnight at the ranch, we decamped to Jackson, an up-and-coming mini-Vail of a resort, 100 miles to the west, where we spent a murning white-water rafting, and then drove to Yellowstone.

We were told that nearly a third of the US population has visited Yellowstone, and each year another 2.5m tourists swell the total. Yellowstone has many marvels, but we were determined to see one of its best-known attractions, the Old Faithful geyser, which, every 75 minutes or so, spews up 11,000 gallons of scalding water to a height of 180 ft. It is a fine sight, even if you have to share it with hundreds of fellow-gawpers and endure the bumper-to-bumper chain of campers and trailers on the long, monotonous drive.

For climbing, we preferred the Grand Tetons, a staggeringly impressive range of peaks that rears up from a flat plain and comes replete with canyons, waterfalls and lakes, and also, if you are lucky, bears and elks.

Others were more fortunate in that respect than we were (though we did eat elk steaks, even more boring than venison), but in our brief visit we notched up plenty of wildlife sightings – moose, buffalo, coyotes, beavers, badgers, marmots and chipmunks, plus many blue herons, pelicans, bald-headed eagles, hawks and ospreys.

For most of us it was one of the most energetic out-door holidays we had ever taken, and we were naturally chuffed that in advanced middle-age we could derive such unremitting pleasure from our exertions. Would wa go again? Emphatically yes.

■ Recommended ranches in the Dubois area: all four ranches are personally run by resident owners, with superior home cooking, and are flexibla about guests' requirements. (With acknowledgmant to Nancy Dabevoise, and the Rocky Monntaina and South-West volume of America's Wonderful Little Hotels & Inns, St Martin's Press, NY, $13.95):

Absaroka Ranch, Star Route, Dubois, Wyoming 82513: 8,000 ft up, overlooking the Dunoir Valley with views of snowy peaks and alpine forests. Four cabins with private bath, maximum 16 guests. Riding is the main activity; also guided fishing trips and hiking. Lots for children. Full board $800 per week per person with reduced rates for children 12 or under. Tel: 307-455-2275.

EA Ranch, POB 844, Dubois, Wyoming 80513: 7,000 ft. in tha Absaroka foothills, a working cattle and guest ranch. Four cabins for two or more, most with private bath, maximum of 12 guests. Ideal for groups who can take over the ranch and have activities tailored to their interests. Full board: $805 per week per person. Tel: 307-455-3385.

T Cross Ranch, POB 638, Dubois, Wyoming 82513: 160 acres, eight cabins, all with bathrooms (soma shared), maximum 25 guests. Mountain-biking and hiking as well as riding. Lots of children's activities. Full board: $830-$950 per week; children under six half-price. Tel: 307-455-2206.

Bittersweet Ranch, PO Box 8078, Dubois, Wyoming 82513: foothills of Absarokas, the most serious riding ranch of the four. Strong British connections; 25 cabins. Terms on application. Tel: 307-455-3363.

Arriving in Hawaii is like stepping back into childhood.

The last time I wore garlands of flowers around my neck I was six, playing with daisy chains. In Hawaii you are decked out in *leis*, or garlands, as soon as you land, and waft along in a cloud of frangipani and rose. Then you notice that everyone is wearing them – people arriving, people departing, people celebrating a birthday or going to a party.

Then there is the language, which to the newcomer sounds like baby-talk: great slabs of vowels and apostrophes, with the rare consonant thrown in (there are only seven in use, which must make Scrabble a challenge). People pepper their conversation with odd words of Hawaiian, in particular *Aloha*, which seems to mean "hello," "goodbye," and "lots of love".

After that, you notice the outlandish clothes: men with splodges of colour across their chests, decked out as brightly as reef-feeding fish, and women in equally colourful *muumuus*, the invention of the missionaries who, displeased at the sight of happy girls in grass skirts, forced them to wear what look like particularly nasty C&A nighties, *circa* 1970.

For many tourists, *muumuus* and *Aloha* are about as much as they see of Hawaiian culture. It is enough for the sun-and-surf seekers in their day-glo and ponytails; for the designer fashion victims heading for the Chanel, Louis Vuitton and Celine boutiques where assistants tot up your spending power as you walk in and throw you an air-conditioned glare once they realise you are only browsing; and for the young Japanese couples who trundle out of white stretch limos for a quick wedding photo-session on the luxury hotel lawn.

If they want a beach in Honolulu, they go to Waikiki, where surf-boarders zip back and forth along the waves and men patrol the sands with metal detectors in the hope of finding some rich woman's rock-encrusted jewellery.

Apart from the risk of losing your diamonds in the surf, Honolulu seems a pretty quiet, safe place. The streets are spotless, thanks to a $1,000 fine.

The real debate is whether the 50th US state should become independent and perhaps reinstate its monarchy. As royals go, the Hawaiian contingent seemed to know how to enjoy themselves – the king and queen even had their own surfing beach. Perhaps the Hawaiians are unaware of the hazards of a modern-day monarchy, or perhaps it is just a canny way to pull the crowds and boost tourism.

While Hawaii once thrived on whaling and then on agriculture, nowadays tourism is seen as its salvation. One feels apprehensive: Honolulu has already been spoiled and turned into a sort of Bond Street-*sur-mer*. One can only hope that the other islands do not suffer the same fate.

Waikiki beach, where surf-boarders zip back and forth and men patrol the sands with metal detectors in the hope of finding rock-encrusted jewellery

Paul Chesley

Aloha Bond St-sur-mer

Sara Webb finds tourism is taking its toll in Hawaii

On the island of Lanai, tourism has only just been introduced. Lanai, owned by the Dole food company, once depended on its pineapple plantations. But it could not compete with cheaper exporters, and the last pineapple crop was harvested this year.

It is a sleepy one-town island. You drive past rugged mountains and moorland until you reach the inappropriately named Lanai City, which consists of a few neat rows of bungalows and a main square with a police station, bank, theatre, and café overlooked by a tiny hostel.

Now, the islanders work as waiters and laundry staff in two luxury hotels built by Dole, rather than in the pineapple fields. "The new crop is tourism," laughs Sol Kahoohalahala, a director of cultural resources on the island who is striving to preserve its culture and environment, much of which has changed because of over-grazing by animals brought in by early ranchers.

Hawaiians will tell you that each of the eight main islands has its own character. Lanai is still a relatively unspoilt innocent. Big Island (known simply as "Hawaii") is "very spiritual, lots of Californians go there to meditate," one woman told me. "You can feel the energy as soon as you step off the plane." All I could feel was a blast of heat.

While much of Hawaii is rooted in the 20th century, Hawaiians still tend to talk about its myths, legends and superstitions. On Big Island, with its live volcanoes, people talk about Pele, the goddess of fire, and warn visitors never to take any lava home because it will bring bad luck.

Every year the authorities receive post-bags full of chunks of lava returned by tourists who regretted the consequences. In places, the lava is studded with petroglyphs, drawings of stick people giving birth or sailing, as well as dots and squiggles which are thought to represent messages about journeys undertaken centuries ago.

Then there are the old burial sites. Some hotels have had to redesign their buildings because foundation-digging has unearthed human bones. Priests have to be called in to bless the site and settle the spirits.

Centuries ago, if you broke the law or committed something which was taboo, you would be killed unless you could escape to the "place of refuge" on Big Island. For some, this involved running miles across land; for others, a swim across shark-haunted waters.

Today there are no taboos, but thousands of athletes face an even worse ordeal – the annual Ironman contest or triathlon, which combines a 2.4-mile ocean swim, a 112-mile bike race and a 26.2-mile marathon.

Dominated by Californians, it can take anywhere from eight to 15 hours to complete, after which the contestants usually collapse into the spiny embrace of an intravenous drip to be rehydrated. It makes the earlier race for the place of refuge sound easy.

■ Sara Webb travelled to Hawaii with American Airlines and Hawaiian Airlines. She stayed at the Halekulani Hotel in Honolulu; the Manele Bay Hotel on Lanai; and the Royal Waikoloan, Kobala Coast, Big Island.

Information: Hawaii Visitors' Bureau, Loodon tel: 081-332-6969, fax: 081-332-7001.

FASHION

Wrap up your shopping list

A chic scarf makes a good gift, says ***Lucia van der Post***

If you are still wandering around with a distraught air, wondering what to buy for your nearest and dearest this Christmas, the fashion must-haves for women this winter are squashy hats, an important shirt, and scarves, scarves, scarves. If in doubt, head for a chic emporium where the taste is impeccable and all you need do is select the price bracket.

Londoners could pick up a crinkly silk scarf (or better still, three or four in assorted colours to be worn together, £39 a time), an Equipment silk or, more Christmassy, a velvet shirt or a Prada handbag at Joseph.

At Harvey Nichols you will find one of the best costume jewellery counters in town. If her tastes are more avant-garde it is not as well known as it should be that Liberty now has one of the best modern designer floors around (Issey Miyake, Koji Tatsuno, Sophie Malig, Vivien Westwood et al).

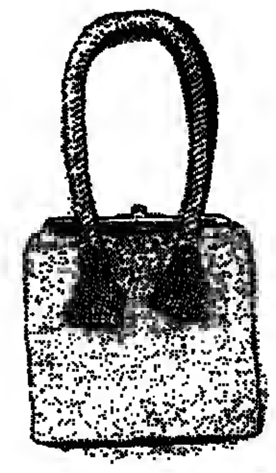
There is hardly a forward-thinking woman who would not give her eye-teeth for one of Issey's crinkly wraps or skirts, one of Koji's cob-webbed vests. If you can't run to those prices then Whistles and, amazingly enough, C&A and Warehouse, do very passable versions of crinkly gear all their own.

Less expensive, but just as desirable, are the crochet-edged cardigans (£37) at Agnès B, at 111 Fulham Road, London SW3. (Mail order tel: 071-225-3477).

And, if you are still flummoxed, let me assure you that nobody ever had too many absolutely plain cashmere sweaters. Brora has round-necked, V-necked and polo-necked sweaters and cardigans for men and women for £99.50 a time in most classic colours. If you order today (tel: 071-731-7672) it will be despatched in time for Christmas if it has the colour in stock.

■ Left: The soft, floppy hat is ona of this winter's hallmarks. Herald & Heart Hatters did so well with its folding, all-purpose eummer Panama that it has produced a floppy winter "Hat-In-a-box" in velour felt. In black, red, navy or chocolate brown it comes with a stretch black velour band and a black braid hat pin. £60 from 131 St Philip Street, London SW8 3SS. Tel: 071-627-2414.

■ Right: Anya Hindmarch makes evening handbags and has developed a cult following. The little one featured here comes in black, red or a host of other colours. Made of grosgrain with a tassel handle it is £155 from Anya Hindmarch, 91 Walton Street, London SW3. Sha will also make to order.

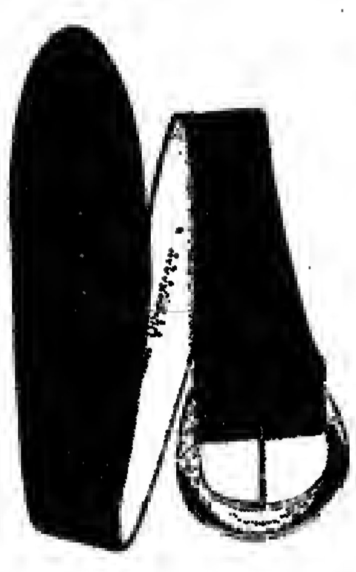


■ Left: An evening jacket in rich grosgrain could transform many a dull outfit besidas keaping its wearer warm and comfortabla. Sam Browne of 56 Fulham Road, London SW3 and 136 Wandsworth Bridge Road, London SW6 has them in two colour schemes – black and red (with either a red background with black swirls or vice versa) or black velvet teamed with black grosgrain. Sizes 10 to 14, they are £250 each. Matching skirts, £85.

■ Right: black suede gloves lined in pure silk and lent an air of glamour by brilliant multi-coloured paste jewels. By Christian Lacroix, in sizes 7 and 7½, they are £175 from Brown's of South Molton St, London W1Y 1DA.

■ Left: Oliver King, a former junior World Snooker Championship finalist, is a connoisseur of waistcoats. As fashion writer Avril Groom points out: "It is an essential part not just of his working kit but of his image and it has to be absolutely right." King thought Tom Gilbey's blue and cream silk brocade version, with its long cut and slim fit has an almost 18th century alegance. £175 from The Waistcoat Gallery, New Burlington Placa, London W1. Other good ones are Georgina von Etzdorf's shot velvets (£185) and Mulberry's subtle check brocada (£145).

■ Right: tha kind of belt that every wardrobe needs – wear it with a body suit, with trousers, over a sweater or with a dress. In black suede by Donna Karan it has a gold vermeil dipped buckle and comes in two sizes, at £165, from Browns of South Molton Street, London W1Y IDA.



Kim Dalziel

Is she, like most of the female population of Britain, under 5ft 6in tall? If so, she may well have difficulty in looking good in many of her favourite designer's clothes. Laura B, who sells her own brand of glamour dressing to a host of sophisticates about town, has made a speciality of always having a supply of sophisticated clothing for those who are kindly called "petite" and less kindly just plain short.

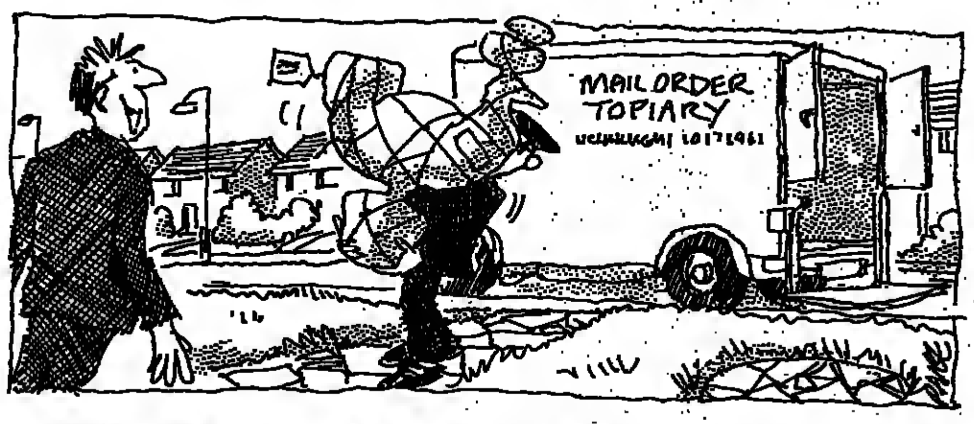
She has her designs specially made in Paris on a petite last and uses many of the same fabrics as many a high-profile designer name. Her black wool crêpe suit with the white lapels has been a winner this winter – the perfect lunching outfit at £495 whilst her chic striped black and beige trousers (£265) are blissfully comfortable.

The black wool jacket (£375) ought, of course, to go with plenty of other things already lurking in the wardrobe. If a complete outfit is not what you had in mind there are stunning belts of leather with gold tarnished buckles at £65 – £95, soft angora wool sweaters (£85) with matching shawls and a wonderful white lace blouse with pirate sleeves and frilly jabot (£195). Laura B is at 25b Walton Street, London SW3 2HU.

Gardening / **Robin Lane Fox**

Festive planting – no need to panic

A few simple preparations mean you can enjoy your Christmas celebrations before braving the elements



The weather is wonderfully unpleasant but the Christmas holidays loom and, in my mind's eye, I see *Weekend FT* readers as planters, wading into the thick of it with a sodden newspaper and a pair of designer gumboots. The coming break gives us all a chance for replanting and improvements. But what do you do if you cannot face the elements on the morning after the plants arrive?

It depends where they come from. If you have bought them at a garden centre, you could well have paid over the odds but you will be under less pressure. The plants will be potted-up already and can wait for your convenience. They can wait quite a while; indeed, several peonies have been waiting for my convenience since June.

They are none the worse for the interval but the one danger is a severe frost. If it works down into a pot, it might turn the plants into pulp when it starts to thaw. Last year, I lost several agapanthus, rotted by a thaw which I had not anticipated. A hard winter costs nurserymen as many plants from rotting as from freezing. If you foresee trouble, move any plants bought in pots into a shed or under cover.

If you have ordered roses, shrubs or trees from a nursery, you can expect delivery any time now after a slow start to lifting during the frosts in November. Among our bigger nurseries, my favourite remains Scotts of Merriott, Somerset, now in the third generation of family ownership.

Most of its business is by mail order and it is not alone in believing that this form of retailing is making a comeback, just after many small nurseries pronounced it impossibly expensive and gave it up. The reason is that the parcels of plants go nowhere near the well-meaning fumbles of the post office. The new express delivery firms now carry many of the nursery's mail orders of shrubs and trees, along with the various goods of other home shopping catalogues.

As a result, orders arrive within two days of despatch at a cost which is way below the price of the post office's friendly meander. It is no longer prohibitive to order trees, fruit and roses by mail from a catalogue. If mail order revives for the nursery trade, will we all want to pay an extra 30 per cent or more to buy similar plants at our local garden centres?

One view is that garden centres will narrow down and become plant centres; the big DIY stores will sell garden extras more cheaply and will offer a simplified range of clean, attractive plants to impulse buyers. Keen gardeners will revert to specialist nurseries, using their *Plant Finders* to put them in touch with the new potential of mail order, delivered outside the national postal network.

If they do, they will be glad for advice on planting from Scotts. For instance, what do you do with a straw-wrapped parcel if it arrives when you are up to your ears in work and parties? The answer is refreshingly simple: leave it alone for a few days until you are ready for it.

If you are only half-ready, you can loosen the string and allow air to circulate while burying its lower length in the ground. If the ground has frozen already, keep the package in a cool, dry place. The one fatal mistake is to bring it indoors or buy a heater so as to keep it warm.

In short, a sudden pre-Christmas delivery is no cause for panic. If you have ordered fruit trees or roses, they will probably arrive with bare roots. When you unpack them eventually, soak the roots in a bucket of water before planting them or covering them over in a temporary trench outdoors. They can wait until mid-March, but I have reverted to the older view that roses, at least, are best transplanted before the new year.

When you plant them, harden your heart and do what most amateurs tend to avoid: prune the new arrivals, removing at least half of the upper stems of the old-fashioned varieties, and reducing climbers and ramblers to no more than 2 ft. This pruning sounds extreme, but it is the way to avoid weak roses later.

As for those plants that arrive in pots or fresh out of them, the growers at Scotts have a useful tip. The roots may well have started to run round in a circle and chase their tails in a tennis ball of peat compost. Unpot them and run a sharp knife down one side of the root ball in order to scuff it and encourage new roots to face outwards, not inwards, into the circular tangle.

If you cut one side of a new plant in this way, the experts believe it is more willing to develop roots away from its peat compost and into the surrounding soil of a new home.

For similar reasons, there is now a definitive answer to the old question of whether the roots of a tree are better when planted in a circle, not a rectangle.

The answer is a rectangle: a round hole encourages roots to run round it and not to leave the central ball of soil in which they have become pot-bound or previously tended. In a rectangle, the roots are encouraged to run outwards and join their new home, instead of becoming introverted.

If mail order is going to make a comeback, these little matters of treatment will need to be remembered.

هكذا من الأصل

FASHION

Clockwise from left: navy taffeta dress, sizes 3-6, £28.99 from Debenhams. Shoes, £24.99 from Russell and Bromley.
Navy wool blazer, £155, matching trousers, £67.50, cotton shirt, £35, silk tie, £18.50, all sizes 4-14 from Burberry, Haymarket, SW1, Regent Street, W1, Glasgow and Edinburgh.
Printed polyester/cotton waistcoat £37.50, black wool/polyester trousers, £47.50, both by Fairbanks from Harrods, Knightsbridge. Blue chambray shirt, £9.99 from BhS.
Black triacetate velours dress with lace collar, sizes 5-12, from £23.99 from Children's World branches.
Green tartan taffeta dress by David Charles, sizes 4-10, £139 from Harrods.
Deep green and maroon acrylic sweater, £10.99, blue chambray embroidered shirt, £10.99, maroon cord trousers, £8.99, all sizes 1½-5 from Children's World. Shoes £28.99 from Russell and Bromley.
Navy and green silk taffeta smocked dress by Daks, sizes 4-8, £189 from Simpson, Piccadilly, W1. Shoes, £24.99 from Russell and Bromley.
Red cotton velvet dress, sizes 2-7, £45.95 from Laura Ashley. Shoes, £49.50 from Buckle My Shoe, 071-935-5589 for stockists.
Hairdressing : Kaz Simler

BELOW: (from top) Denim shirt, £9.99, wool trousers with braces, £8.99, sizes 1½-5 from Boots.
Beaded cotton handknit cardigan, sizes 2-10, £135 from Artwork, St. Christopher's Place, W1 and Thomas Neal Centre, WC2. Black velours leggings, £15.99 from Marks and Spencer. Hat, £9.99 from Boots. Beads, £7.50 from Harrods. Loafers by Start-Rite, £43.50 from Russell and Bromley.
Red cotton/polyester dungarees, £39.99, matching bag, £14.99, cotton/acrylic polo-neck, £9.99, by Baby Boo (071-371-5467) for orders. Red boots, £38 from Buckle My Shoe.

From left: Red Viyella pinafore dress, £29.99, white embroidered blouse, £19.99, both from Trotters, Kings Road, SW3 and Kensington High Street, W8.
Red crushed velvet waistcoat, sizes 4-10, £22.99 from Rolfe Designs, 071-706-7605 for orders. Green check cotton shirt, sizes 6-7, £37, deep green wool shorts, sizes 2-8, £44, green wool socks, £10, all from Young England, Elizabeth Street, SW1. Loafers, £34.99 from Trotters.
Dark green and red Viyella pinafore dress with pique applique, £29.99, white blouse, £18.99, both from Trotters.
Christmas tree, decorations and toys from BhS.

Catwalk style for kids

Avril Groom searches the clothes racks for fashion gifts for youngsters

The gap between what children want to wear and how their elders would like them to dress is bigger than you think. Searching recently for some civilised clothing to tempt an 11-year-old, whose idea of chic is an outsize man's T-shirt and black jeans artistically holed at the knee, I suggested the casual but classic combination of a denim shirt and chinos. "Yuk!" came the outraged reply, with a look of deeply affronted dignity, "That's what dad wears."

Now, in the interests of family unity, what you do not need on Christmas morning is a reaction like that from your little darling when he/she opens a parcel from grannie or great-aunt, especially if said elderly relative is there beaming fondly.

So, if grannie likes to indulge your children with clothes, a little prior consultation is a good idea. The world's most wonderful smocked silk dress is a disaster if it is banished to the back of the wardrobe by a disdainful child.

Babies are easy to cater for. The only person likely to complain at the gift of a white satin, hand-embroidered romper suit is the mother, as she visualises it splattered with puréed apple. The traditional source of such delights is The White House, but another name to look for is Heather Brown whose hand-embroidered and smocked, washable styles are available at Fortnum and Mason, Pollyanna of Fulham Road and New Arrivals of Banchory.

Little girls are normally delighted with any full-skirted party frock but where you would prefer it in sober navy taffeta or dark tartan they like sugar-almond pink. This objection is easily overcome, however, with a stiff net under petticoat and a skirt full enough to "twirl". A tiny matching bag and hair band are other inducements – Young England, Trotters and Bambino have dresses with matching sets. The smocked silk dress is still a winner and Daks' new children's range includes a white-collared style in dark or neutral checks that is beautifully made and not over-glitzy.

Small boys look sweet in cords, smart shorts and Fair Isle jumpers but over four they find velvet knickerbockers, Peter Pan collars and bow-ties pretty hard to take. Any grannie coming up with the Little Lord Fauntleroy look probably deserves rebellion. But traditional style is reasserting itself in the market and pragmatic parents, who do not wish a small fortune to be spent on something that will be shortly outgrown, could suggest Debenhams, Marks and Spencer, BhS and Children's World as sources of tasteful, good-looking childrenswear with unguessable price tags. Laura Ashley, who regard traditional style as their forte, also have a particularly good Christmas range.

Older children are more tricky. The strictures of school uniform create a healthy disregard for formality on high days and holidays. Boys seem to reject anything other than denim, though a navy blazer is one classic acceptable to most, anything from Burberry's sharply-cut version to Marks and Spencers' soft moufflon style, about £50.

A fun alternative is a waistcoat – plain, velvet or damasked. These also find favour with girls, who respond surprisingly early to adult trends. A waistcoat over a long white shirt, big, bright knits with leggings, and velvet (especially black) are ideas that have gone straight from the catwalk to the under-tens. Velvet is your best weapon in persuading an older girl to wear a traditional party frock – she will think it immensely sophisticated.

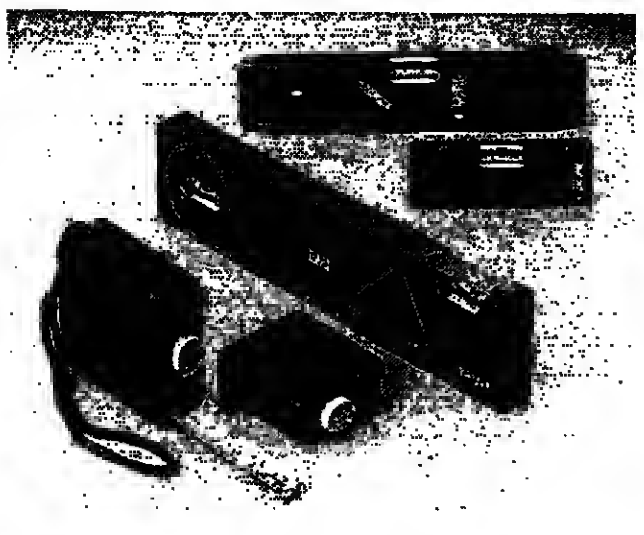
Harrods has crushed velvet waistcoats, long flutey skirts and organza shirts among their more traditional offerings. At chainstore level, BhS has fetching velvet or cotton embroidered or beaded waistcoats and long, silk skirts. Debenhams can supply boys with dark, washed-silk shirts.

The best small present for a girl this year is, without doubt, a squashy velvet hat. This will be accepted with gratitude and worn everywhere. And that is the greatest compliment a grandparent could possibly receive.

HOW TO SPEND IT

Alternatives to after-shave

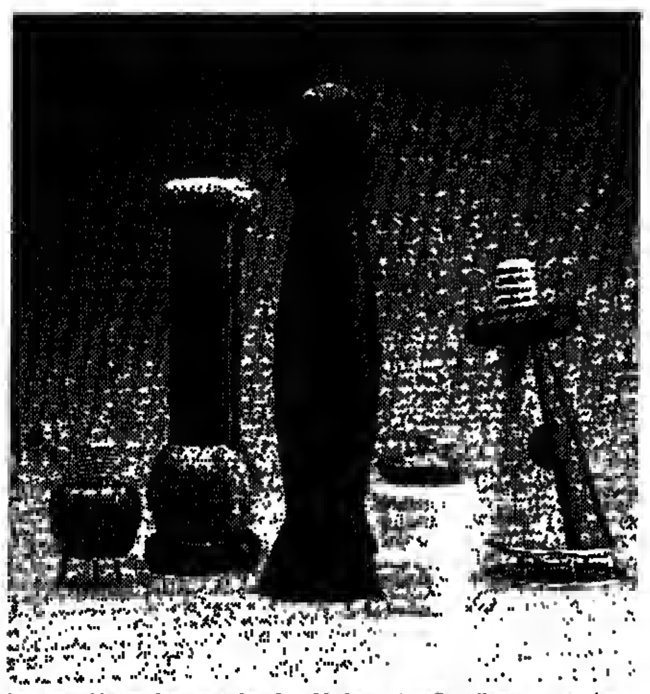
Tired of buying cardies, socks and after-shave for the men on your Christmas shopping list. Occasionally, inspiration strikes – a precision lens for his camera, the artefact that is perfect – but more often many of us are floundering. For those who are still looking, here are a few suggestions.



Set of finely made German tools – ideal for the graphics set, for architects, for the do-it-yourself brigade.

Made in West Germany by BMI there is a steel measuring tape (varying sizes, prices ranges from £14.85 to £27.85) and a range of spirit levels, the mini version starts at £5.25, one with an inbuilt magnet is £10.15 and the biggest £15.05.

All from Oggetti, 133 Fulham Road, London SW3.



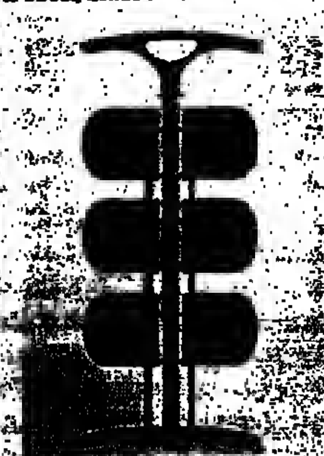
Pepper-mills can be more than just kitchen, utensils – these are works of art. From left: three-legged briar peppermill designed by Adalberto Pironi, £55.90; red, black and yellow aniline coloured beechwood peppermill by Ettore Sotsass, £68.35; black lacquered beechwood by Aldo Cibic, £58.95; orange and ivory lacquered beechwood by Battista Piazza, £35.95; and leaning mill of kawazingo and ash by Maissimo Iosa-Ghini, £99.30.
All from Oggetti, 133, Fulham Road, London SW3 6RT.

Fornasetti, the Fifties Italian designer is enjoying a new vogue. Themes & Variations of 231, Westbourne Grove has a vast selection of his designs, ranging through furniture, magazine racks, trays and plates such as the one photographed here which is one in the series called Themes & Variations and sells for £55.

Tintin slippers by Hergé Corp, exemplifying the coming trend in footwear – unmatching pairs. In all sizes, £29.99 from Authentics, 42, Shelton Street, London WC2.

Fornasetti cufflinks make a change from the plain gold variety. £39 a pair from a range at Paul Smith, 42, Floral Street, London WC2.

This stand, ballpoint pen and letter-opener is silver-plated. Designed for Authentics, £22.95.



Folding steps, £129, from Aram Designs, 65 Heath Street, Hampstead, London NW3 6UG.

Fake is fine for that Christmas sparkle

From old gold to modern costume jewellery, there are plenty of pretty baubles to put under your tree, says ***Lucia van der Post***

I have not met a woman yet who has complained of having too much jewellery. Not enough, perhaps, or even too much *that is too* cheap but too much *per se?* Never.

If in doubt when seeking to please your nearest and dearest, just think small. *Think of* an intimate little packet, exquisitely wrapped, that comes charged with meaning, that speaks of love and caring, of forethought and generosity. These may be the days of equal opportunity, when so many women buy their own jewellery. Even so there is nothing finer than a piece bought by He Who Cares.

There are those, diminishing in number, for whom the only jewellery that matters is real. Apart from the grand *joailliers*, the Boucherons and Cartiers, the Garrards and Chaumets and Bulgaris, there is now a group of jewellery designers which has realised *there is* a market for those who want their jewels real but up-to-date. The grand *soirées* of yesterday have been replaced by a raft of business meetings. *The need* for a sculptured brooch or carefully-chosen necklace which can see today's working woman through from the *school-run in the morning* to the dinner party has grown. Jewellers such as Kiki McDonough are sought after because they have intrinsic value, a reasonable price and are wearable in a modern context. Although they are far from rock-bottom, *they are infinitely* more affordable than those at the traditional *haut joailliers*.

Kiki has a host of fashionable customers who like her *jewellery* because *it is* real but does not shout. As Juliet Hambro, one of her devoted fans, says: "I wear Kiki's necklaces and earrings all the time because it adds a finishing touch to an outfit and yet it never clamours for too much attention. In my job (financial investment consultant) I often have to travel all day and attend luncheons, meetings and dinners. I can wear Kiki's ebony and gold ear-rings or her haematite necklace from morning until night."

At Kiki McDonough there are lots of gifts at under £1,000 – 18-carat gold and malachite ear-rings, for instance, bold and stylish at £495, simpler nine-carat gold earrings for £295.

Boodle & Dunthorne is an old-established jewellers from Liverpool which this year opened a grand new store in Regent Street. There are antique pieces but also lots of choice for those who need a brooch to enliven a working suit, some earrings to add a *little glamour to an all-purpose* coat. Choose from bold earrings in gold (£455) or a mixture of silver and gold (£300) or some of Leo de Vroomen's strong enamelled pieces (£3,450).

More strong pieces are to be found at Tiffany (and, of course, there is something deliciously enticing about those turquoise blue little boxes). Avoid, unless you come into that category of never having to inquire about the cost, the ones in the brochure which are marked "prices upon request". Turn instead to more affordable items – such as Tiffany's own signature collection, Paloma Picasso's pink tourmaline earrings (£1,575) and Elsa Peretti's sculpture *sterling silver* pieces which start at £50. There is also a delicate gold chain with a floating diamond which at £315 would make a lovely present for a favourite god-daughter.

Those for whom these prices would cause Micawberish unhappiness should not be downhearted. Fake these days is fine. In the real world even those women who have beautiful inherited pieces often mix them with fake. Countess Alexander of Tunis, for instance, is a great fan of the reproduction jewellery of Fior. "I work as a special events organiser and when I did this for Chaumet I used to have access to their splendid real jewels. Now that they have closed down their London operation I miss it. I often mix pieces from Fior or Butler & Wilson with real pieces. Buying costume jewel*lery enables one* to have much more variety – for instance: I have long 'pearls', short 'pearls', 'pearl' chokers," she says.

Besides Fior and Butler & Wilson, many an aristocratic lady who lunches is actually glinting away in inexpensive costume jewellery sold by each other to each other. Becky Blandford, for instance, mother to the future Duke of Marl*borough, sells the Caura range* of jewellery designed by Eric van Peterson *to* her well-connected friends.

From the Caura catalogue *bold gold earrings* (base metal dipped in 22-carat gold) sell for £19.15 a pair, a necklace of "gold" baubles for £60, three rows of "pearls" for £33 and some *fashionably* classical "gold" and "amethyst" earrings for £19.15. There is much more in similar vein.

I have seen Agatha's ear*rings adorning* some very aristocratic lobes indeed. It is a very clever costume jewellery enterprise brought over from Paris. It has all the fashionable *icons* of the day – the "pearl" cross (£19), the plain bold "gold" ear-rings (£17), the big, bold ring with classical overtones (£19), the "amber" heart-shaped pendant *(£12)* and the "ebony" cross (£10). So take heart: it really *is* the thought that counts.

■ *Kiki McDonough is at 77c Walton St, London SW3 2HT. Telephone: 071-581-1777.*

■ *Boodle & Dunthorne, Boodles House, Lord St, Liverpool, 1 King St, Manchester, 128-130 Regent St and 58 Brompton Rd, Knightsbridge, London.*

■ *Tiffany & Co., 25 Old Bond St, London W1X 3AA. Telephone: 071-409-2790.*

■ *Caura, 45 Stockwell Park Road, London SW9 ODD. For a catalogue or the jewellery itself tel: 071-274-6575. Ask for Sallie Button.*

■ *Agatha, 4 South Molton St, London W1. Telephone: 071-495-2779.*

■ *Garrard, 112 Regent St, London W1.*

Chloe Annett, who stars in *Jewels*, this week's infinitely forgettable mini-TV series, is young and pretty. And since the plot required her to wear lots of baubles she has become interested in jewellery.

Fior, the Knightsbridge and Bond Street jewellers which specialises in making finely-crafted costume pieces that look like the real thing, and Buccellati, the Italian jewellers, have between them supplied all the jewels for the series.

To Chloe Annett it was a revelation seeing just how well-made some modern costume jewellery can be.

"I thought the jewellery was wonderful. Until then I had mostly worn pieces given to me by my grandmother – I might attach them to lengths of velvet and wear them as a choker. I have a large mother-of-pearl cross which I would wear, for instance, with my Kenzo dress with the shorts underneath. I also have a lovely gold and platinum ring with two tiny diamonds given to me by my boyfriend."

She is photographed here wearing what she intends to wear on Christmas Day – a black Lycra-velvet mini-dress (£295) by Michele Holden of 42 Beauchamp Place, Knightsbridge, London SW1. Michele Holden is a dressmaker who (unusually) combines a made-to-measure business with ready-to-wear. With the dress she is wearing a set of necklets (£235.50), bracelet (£185) and ear-rings (£39.95) worn during filming. All are rhodium plated, hand set with diamanté and synthetic rubies and all come from Fior, 27 Brompton Road, Knightsbridge, London SW3 or 31, New Bond Street, Mayfair, London W1.

Shebah Ronay is a 22-year-old actress and daughter of Edina Ronay, the designer, who *will shortly be appearing* on TV in a new series of *House of Eliott* and *Love Hurts*.

When it comes to jewellery she likes it simple.

"Often I *make* my *own* – *I buy beads from a shop called* Hobby Horse and make necklaces and bracelets. There are two rings that I always wear – a heavy gold wedding band which was a present from my grandmother and a ruby ring that I bought for myself. Many of the pieces I *own have been given me as Christmas presents* but I am lucky in that my mother has the most amazing collection of costume jewellery which she has collected from places like Merola and antique shops and so I often borrow from her when I'm going out."

***For Christmas Eve* she will be wearing a maroon velvet jacket designed by her mother (£425 from Edina Ronay, 171 King's Road, Chelsea, London SW3).**

"*I love its long cuffs and lapels*," *says Shebah*. "It is subtle, yet glamorous in a classic way. There are trousers to match (£225) but I'm actually going to wear them with some viscose trousers also designed by *my* mother."

She is photographed here wearing it with the sort of jewellery she likes: "very simple and yet complementing the clothes".

The gilt and pearl earrings are £75, the bracelet is £85, both are from Celine, 6f Sloane Street, Knightsbridge, London SW3 and 28 New Bond Street, London W1.

Sally Burton, widow of Richard, loves *jewellery but her tastes have changed*. "I always think about big jewellery that you need a man to buy it for you and a man to undo it at the end of the day. Obviously there was a time in my life when I used *to wear the big stuff which was bought* by Richard and which now sits in a vault in the bank. Now that my life has changed I still like real jewellery but I go for quieter, more subdued ranges.

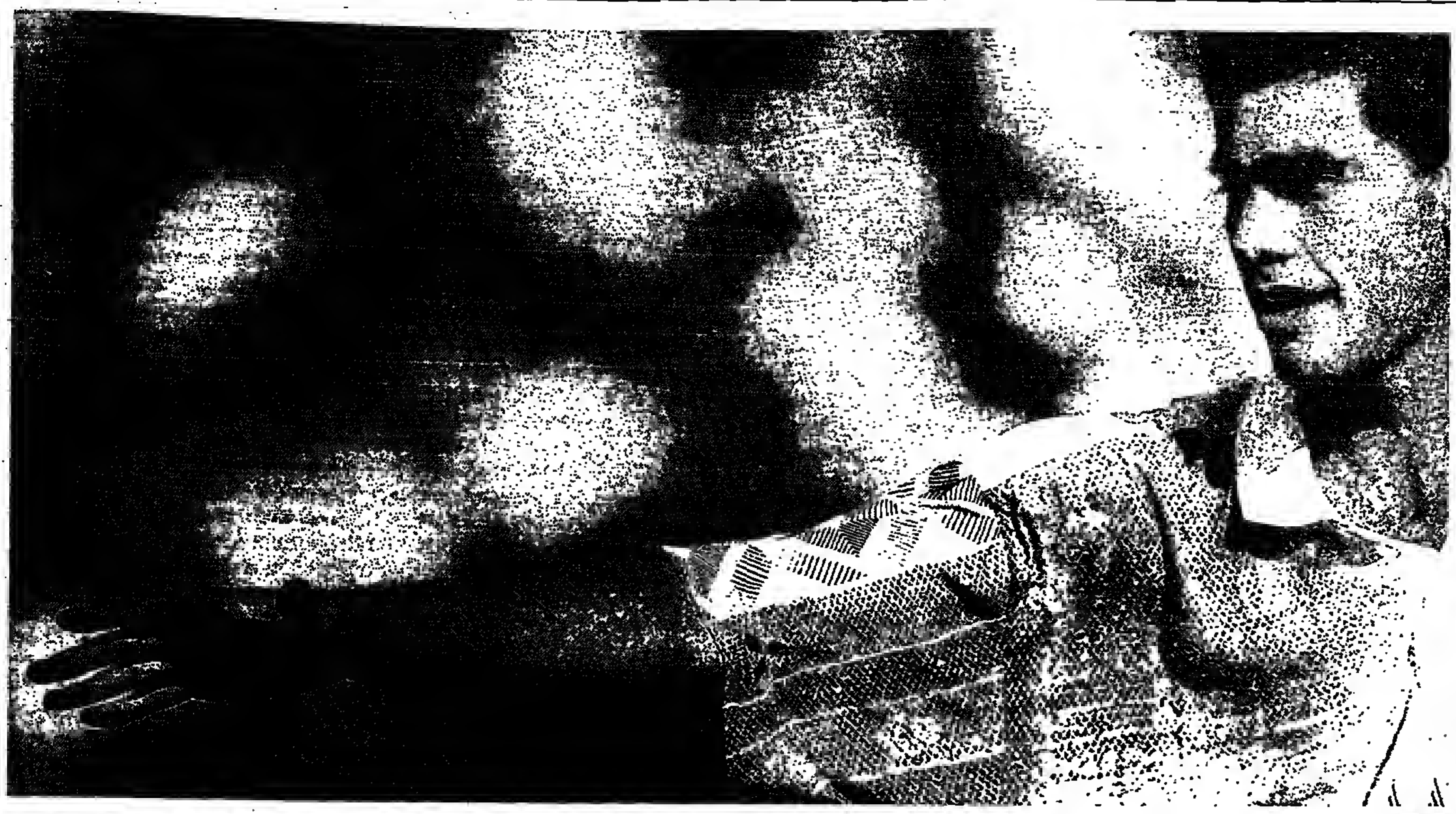
"I *also like* costume jewellery such as Chanel's great big earrings and I collect pieces from Merola in Walton Street – all the beautiful 20s stuff. I *have dress-clips* in diamanté and dangly Bakelite earrings – *most of the materials are intrinsically* inexpensive but it is the design that appeals.

"I have been collecting pieces from Garrard's One One Two collection for some time. Almost every day I wear bangles from the range and on Christmas day I will almost certain be wearing them together with these wonderful big looped ear-rings and the *necklace. As I shall be spending the day* with four-year-old twin nephews who are hugely excitable I shan't be wearing anything grand."

The One One Two collection has gold *rings from* £370, bangles from about £1,000.

Fake 'pearls' worn on the ears (£10), neck (£54) and wrist (£30 each). From Agatha, 4, South Molton St, London W1.

Photographs by Tim Jenkins. Make-up by Mairead Boargh.



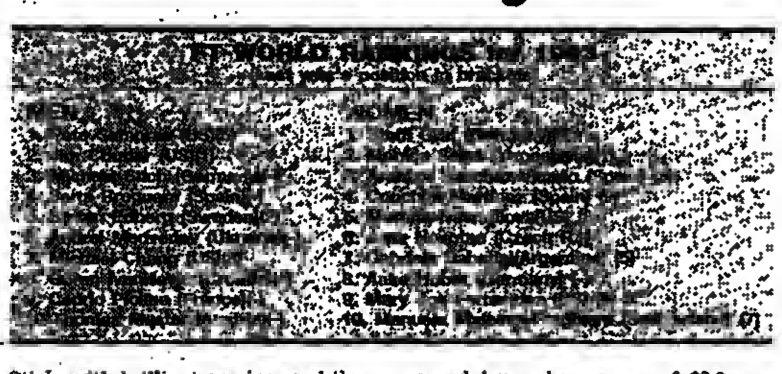
Reaching for the top: Pete Sampras has the world's No 1 ranking firmly in his grasp

Simon Bruty

Tennis / John Barrett

The rise of a young champion

It is time once again to produce the annual FT World Rankings, necessary because the men's and women's computer rankings are unfairly weighted. The ATP Tour system counts only a player's best 14 results (bad losses can be ignored) and does not offer the four Grand Slam Championships their full value. The WTA system protects the higher ranked players who do not drop quickly enough after poor performances.



No-one would question that the 22-year-old American Pete Sampras and Germany's Steffi Graf, now 24, have been the outstanding players of the year. These two fine athletes head my lists in which there are five men who were not in last year's list and two newcomers among the women.

With two of the four Grand Slam titles (Wimbledon, US Open) among his eight tournament victories, Sampras has enjoyed the best season of his young life. He has won 85 of the 101 matches he has played and pocketed $4.58m to lift his career earnings to $11.5m. It now seems likely that Sampras will fulfil the potential he had shown in 1991 when, at 19, he became the youngest US Open winner. Only in this year's two climactic events – the IBM/ATP Tour finals in Frankfurt and the Compaq Grand Slam Cup in Munich – has Sampras looked vulnerable. First, Michael Stich, with brilliant serving, and then Petr Korda, with superb returning of the serve, halted his advance.

In the absence since April of the reigning world champion Monica Seles, following the knife attack by Gunter Parche in Hamburg, Graf has dominated the women's year with 10 tournament wins. The only real challenge to her supremacy on the important occasions came from Jana Novotna who should have won their Wimbledon final after leading by a set and 4-1. However, she did not, and Graf added a fifth Wimbledon title to the third French crown she had just acquired and then went on the win the US Open for the third time. For good measure Steffi also claimed the Virginia Slims Championship, her 79th career title, to end the year with 76 wins and six losses, all of which earned her prize money of $2.8m, a record for women.

The men's year was notable for the return to form of the 1991 Wimbledon champion Stich who re-enters the list after a year's gap. Stich finished the season strongly winning the ATP Tour championship, leading Germany to victory in the Davis Cup and reaching the final of the Grand Slam Cup.

But Stich does not displace Jim Courier from the No 2 spot (which he did on the ATP computer) because of his failures on the four most important occasions of the year. In Melbourne he lost to Courier, who went on to win the title; in Paris he lost badly to Goran Prpic in the fourth round while Courier lost narrowly in the final; at Wimbledon, where Courier was also a finalist, Stich lost a dramatic quarter-final against Becker; in New York, Stich was beaten in the first round by Henrik Holm while Courier lost in the fourth round to Cedric Pioline, his only bad loss. It was chiefly that performance which earned the stylish Frenchman ninth place in my list. Pioline had a marvellously consistent year with three other appearances in finals.

Sergi Bruguera's feat in winning his first major title in Paris, was considerable. The Spaniard also reached eight other finals, winning four of them.

After a mediocre year by his standards, Stefan Edberg drops to No 5. His best performances were to reach the final of the Australian Open and the Wimbledon semi-final where Courier beat him both times. Only one tournament fell to this great attacking player in 1993: ironically, the clay court event in Madrid.

Andrei Medvedev, only just 19, made a great impact with three wins from five finals plus an appearance in the French Open semi-final. Michael Chang, with five tournament wins, had his best year since winning the French Open as e 17-year-old in 1989. Goran Ivanisevic could not reach a Grand Slam final as he had done at Wimbledon in 1992 and slips four places while the Austrian, Thomas Muster, comes in as the winner of six titles – all on clay.

At first sight it may seem curious to have ranked Seles at all. However, the world champion did win the year's first great title in Australia with a fine win over Graf. It was one of the season's best matches. Furthermore, she did win another tournament before being forced out of the game with an extended bout of 'flu. Hamburg was her comeback event. I have no doubt about the quality of her tennis at the time of the attack and her achievements must be recognised.

No-one else in the women's game achieved anything notable. True, Sanchez-Vicario, in winning four tournaments, did play more matches than anyone else (91), and she won more too (77) but she did lose 14 times. Her fellow Spaniard, Martinez, won five tournaments and did well to reach her first Wimbledon semi-final. Although Mary Joe Fernandez was equally impressive in winning the year's most exciting encounter, a comeback against Sabatini in Paris, she was disappointing elsewhere with only one tournament to her name.

It is a pleasure to see Anke Huber at last emerging from Graf's shadow and sad to say farewell to Manuela Maleeva-Fragniere who retires officially after next month's Australian Open. The eldest of the three Bulgarian sisters, Manuela went out on a high note with a victory over Navratilova in the final of the European Indoor Championships in October, her 18th career title.

Rugby Union

Put through the ringer

Tom Fort once smuggled an All Black star into his Sunday team

One of the sights of the recent All Blacks' tour of Britain was the mighty winger, Va'aiga Tuigamala, a terrifying man, who felicitously combines the destructive potential of a medieval battering ram with intelligence and finesse of the highest order. Even in the All Blacks' sole defeat, by England at Twickenham, there was one moment to savour.

The victim was the younger Underwood. As he took a high kick outside the England 22, he was picked up by Tuigamala, in the manner of a splintered tree trunk being shifted by a JCB. He finally hit the turf 15 yards back, and tottered away, ruefully massaging his flanks.

Had the International Rugby Board's regulations on national qualification been other than a standing joke, Underwood would not have had to suffer so. For Tuigamala is hardly more of a New Zealander than I am a Frenchman. He is a Samoan. He is not alone. The ranks of the two great southern hemisphere sides are bursting with South Sea islanders. Apart from Tuigamela, the All Blacks have Frank Bunce, Steve Bachop and Eroni Clarke from Samoa. Australia have the indestructible Tongan, Willie Ofahengaue, and the Fijian flanker, Ilie Tabua.

The Europeans are not above such shenanigans. Remember the hoots when former Aussie Brian Smith pulled on the green shirt of Ireland – which turned to howls when he left his adopted country in the lurch just before the World Cup. By name, Damien Cronin may sound like a resident of Tannochbrae. But by any meaningful criteria, he is English, as are his fellow Scots, Andy Reed and Neil Edwards.

Nigel Redman, Jonathon Callard, Stuart Barnes and Simon Halliday of England are all Welsh born. Tony Copsey of Wales is an Essex man with a "Made in England" tattoo.

Whatever the contortions over birthplace, citizenship and grandparental domicile, these men are – to employ a colloquialism – ringers. And as the longtime organiser of a rugby team which was ever oppressed by the need to find 15 players, I am all for them. Gather thy bodies wherever thou mayest is my motto – with one proviso, which I shall come to later.

Of course, there is a limit to the influence a ringer can wield. If the team is useless, he will not be able to transform it into something else. One Sunday, many years ago, the Welsh and British Lions winger, Clive Rees, was strolling around the pitch on which we were about to play formidable opposition. As usual, we were deficient in numbers, and the obliging Rees was talked into helping out. I suspect he regretted it. We lost 54-0, and not once were we broken-winded, clapped-out forwards able to secure the ball for him to use of his greyhound pace.

I prefer to recall another occasion. We had progressed from the Rees era, and were a reasonable side. But our opponents were better, and knew it. We longed to puncture their air of superiority.

We had a Kiwi playing for us that season. He was called Rex Smith, and he had played for Otago and was well-connected. We told him how keen we were to beat this outfit for the first time, and he said he would speak to some mates. On the evening in question he produced his two recruits. One introduced himself as Earle – Earle Kirton, the former All Blacks number eight (and currently the assistant coach). The other was called Sapsford. He was a prop, 18st plus, and could run faster than anyone in our back division.

It was he who did the damage. He took the ball, and thundered at them like a buffalo with a mission. Their defence was demolished like brushwood, leaving casualties stretched out on the ground. We scored. They kicked off, Sapsford caught the ball and off we went again. It was murder, and the greatest fun.

The atmosphere in the bar afterwards was charged. They were subdued, we were riotous. There were recriminations, which became increasingly bitter when Kirton was identified. Our sportsmanship was questioned, the future of the fixture put in doubt. But the crosser they became, the more we smirked. They had never thought much of us, but the worm had turned, and we had – to put it crudely – stitched them up.

And that brings me to the condition I mentioned earlier. Yes, I believe the game is richer for ringers, and it has been a privilege to see Tuigamala in his pomp. But life is undoubtedly more comfortable if you make sure that they are on your side.

Motoring / Stuart Marshall

Diesels hit the heights

The year of the diesel car breakthrough: that is how 1993 will go down in the annals of British motoring. Sales rose so fast – to their present 26 per cent of registrations – that industry forecasts at the beginning of the year were overtaken by events.

A year ago, it was agreed generally that 200,000 diesel cars would be sold in Britain in 1993. I had e gut feeling this was a considerable under-estimate; 250,000 would, I thought, be nearer the mark. Even this was not optimistic enough. An educated guess puts year-end UK sales of diesets at more than 300,000 in a total market expected to be just under 1.8m.

Two years ago, when only one new British-registered car in 10 was e diesel, anyone suggesting that kind of figure for 1993 would have been told he was *hallucinating*. Now, it is hardly fanciful to suggest that next year's total could be nearer to 400,000, with one new car in three (against this year's fewer than one in four) having a diesel engine.

There is no simple explanation for why it has happened. It is not as though diesel fuel auddenly has become a lot cheaper than unleaded petrol, as it is in France where close to half the new cars sold are diesels. Probably, it is down to a combination of fectors.

The economic and environmental benefits of diesel cars are now appreciated widely. They have become as pleasant as their petrol equivalents to drive, while the price differential between a diesel car and e petrol car with fuel injection and catalytic converter has narrowed, even disappeared.

The cost of filling a car's tank has increased, and will continue to go up faster than the rate of inflation for the foreseeable future. So, for company car fleet managers, if not yet for all who drive them, fuel consumption has become a matter of practical rather than academic importance.

For years, the French PSA Group (Peugeot-Citroën) has made most of the running with diesel cars in Britain. Now, although its products are as good as ever, they no longer enjoy a monopoly of excellence.

Ford has pulled itself up by the bootstraps. Its Escort and Mondeo turho-diesels have gained so much power and refinement that they can now hold up their heads in the company of, say, the VW Golf, Citroën Xantie and Peogeot 405. The latest Granada/Scorpio turbo-diesel, with an Italian VM 2.5-litre engine and very tall gearing (90 mph/145 kmh at only 3,000 rpm), wafts along motorways with the silence of the chairman's limousine.

Vauxhell, using turhocharged engines made hy Isuzu, General Motors' Japanese associate, first douhled and then trebled its diesel sales this year. So, too, did VW-Audi, which is now offering the super-economical direct injection diesel, once exclusive to Audi, in the latest VW Passat models.

Ford Granada, a refined and long-legged motorway cruiser with an Italian VM turbo-diesel.

No car has made e better impression on me this year than the BMW 325tds SE I have heen driving lately. The turbocharged and inter-cooled six-cylinder diesel combines muscle with finesse. Push it hard and it goes (indeed, even sounds) like e sporty BMW – but it pulls fifth gear silkily at less than 30 mph/50 kph and will yield 40 mpg (7 litres/100km) on a journey.

Among other competent and pleasurahly driveahle European-made diesels and turbo-diesels are Fiat's Tipo, the Renault 19, Seat's new Ihiza (exceptionally keen value), the urbane Mercedes-Benz C-Class and E-Class, and Rover's Montego turho-diesel estate – which must be one of the most under-rated cars around.

The Peugeot-engined Rover Metro, 200 and 400 diesels are well-bnilt and finished with care. But it is a pity that Rover has not yet produced a turbo-charged and inter-cooled 600 diesel for the company fleet managers who are abandoning petrol engines to cut costs.

Land Rover has shown that the inherently rather noisy (but exceptionally frugal) direct-injection Rover diesel engine can be quietened significantly. The latest Land Rover Discovery automatic, with a 2.5-litre version of this engine, is a class leader for refinement, driving ease and modest fuel consumption.

One large gap in the diesel car market remains. Where are the automatics? Diesel engines end automatic transmission are a natural fit, but the majority of makers are reluctant to offer two-pedal models. They think the greater cost of automatic transmission, plus the slight loss of performance and economy, would deter most huyers.

Citroën – a welcome exception – has two-pedal, non-turbo ZX diesels at £735 more than their manual gearbox equivalents. The XM turho-diesels have automatic transmission as standard, but a two-pedal Xantia diesel is still a little way off.

Automatics are available either as standard or at extra cost on all Mercedes-Benz diesels as well as the Audi 80 and 100 TDIs, BMW 3-Series and 5-Series, and Volvo 940. Other mekers really should follow. An automatic Ford Granada/Scorpio or Rover 800 turbo-diesel must appeal to managers turning to diesel for their company fleets and, tooking for something suitable to offer executives.

The Nature of Things / Clive Cookson

Forecasters find cash in chaos theory

Meteorologists suffer more than other scientists from people's selective memories. We remember their past ains – above all, in the UK, the failure to predict the October 1987 hurricane – while failing to notice how much more accurate their routine forecasts are becoming. A forecast five days ahead today is likely to be as eccurate as a two-day forecast 20 years ago.

But chaos theory, the new science of order and disorder, places a fundamental limit on meteorologists' ahility to issue accurate forecasts for a particular time and place indefinitely into the future. The dynamics of the atmosphere are so sensitive to small changes in the starting conditions that even e forecaster with an infinitely powerful computer could not predict the details of the weather a month ahead. The famous – if far-fetched – example is that the flnttering of a bntterfly's wings over the Amazon could determine whether e storm develops over New York several weeks later.

As meteorologists began to understand the implications of chaos during the 1980s, their initial dismay was replaced by determination to take advantage of the theory's mathematical insights. Quietly they are develnping a powerful techniqne called ensemhle forecasting, which is based on chaos theory.

The UK Met Office is leading the way. Its researchers rontinely use the ensemble method for 30-dey forecasts. These are much more accurate than they used to he when long-range forecasters relied on statistics and climatology, finding similarities between the current weather pattern and past years – and hoping it would develop in broadly the same way over the next month as it did then.

The Met Office ensemble forecaster runs the supercomputer model of the global etmosphere nine times, deliberately varying the starting conditions on each occasion. From the distribution of different outcomes, he or she can estimate the likelihood of various weather patterns over the coming month. If all nine runs give the same pattern – say, dry settled weather – the forecaster is more confident than if six predict a long settled spell and three end up with wind and rain.

In practice, the Met Office then comhines the ensemble result with more traditional statistical analysis to produce its final forecast. This does not predict detailed weather on any particular day bnt gives likely trends of temperature, rain/snowfall and sunshine over the month.

Using a technical measure nf forecasting "skill" on which zero means no better than chance, temperature predictions hava improved from 10 per cent to 25 per cent since the 1970s. That means today's 30-day forecasts are about half as accurate as those for the next five days.

Sadly, only big businesses are benefiting from this work. The Met Office stopped publishing its monthly weather prospects in the 1970s because they were then only a slightly better guide than tossing a coin. And it has no plans to resuma pnblication now that they have improved. Instead it sells the forecasts on a confidential basis to large corporate clients in industries such as eoergy, water and retailing, for whom the commercial benefits far exceed the £5,000 e year subscription fee.

The official Met Office line, expressed hy Julian Hunt, the chief executive, Is: "The resnlts are not yet rellahle enough to issue to the public, who are not really interested in e forecast that is reasonably correct only abont seven times ont of 10."

Even if the Met Office is right to take sncb a condescending view of the puhlic's meteorological sophistication, what abont small businesses and farmers for whom £5,000 is e prohibitive fee? Why, for instance, shonld iodependent shops not be ehle to adjust their ice-cream stocks in response to a forecast of bot or cold weather when the big supermarket chains can?

At least part of the answer lies in the commercial pressure on the Met Office to reduce its demands on the public purse, by making as moch money as possihle selling services. Indeed Prof Hunt notes the irony that "the fact the 30-day forecast is not brilliantly accurate means that we make more money out of It."

Snrely, however, it could still make money by selling a more elaborate or specialised 30-day forecast to commercial customers – as it does with daily and weekly forecasts – while making the hesic prospects more widely available. The Met Office is one Britisb scientific institution that is still a world leader in its field. How sad that it no longer believes in fair weather for all.

FOOD & DRINK

Exciting wines at razor sharp prices

***Jancis Robinson** scours the high street for the best value bottles in the second part of her seasonal round-up*

A brewer's group of specialist off-licences is offering the widest range of wines, although those interested in price above quality are best served by supermarkets.

Limited distribution wines are marked (LD). Star ratings denote corporate commitment to wine quality.

SAINSBURY***

Prices have always been razor sharp, but the range is noticeably more exciting than a year or two ago, although some of the best wines enjoy only limited distribution (LD).

☐ WHITES

Chardonnay Vin da Pays d'Oc 1992 £2.99. Extremely keen price for a wine in which the lees-flavoured appeal may fade rapidly but is rarely associated with this price bracket.

Do Campo Branco £2.99. Portuguese white blended by Australian Peter Bright from Fernao Pires grapes which has settled down in bottle to become an attractive, if simple, fruity dry white.

Gyöngyös Esztergom Country White 1992 £3.35. Lively, dryish Semillon from Hungary.

Argentinian Torrontes £3.49. Scented, lively aperitif blended by Trapiche from Argentina's white grape speciality.

Chardonnay delle Tre Venezie £3.59. Still one of the best-value whites available in the UK, blended by Angela Muir.

Riesling QbA 1989 von Kesselstatt £4.65. Someone has been working very hard to place a wine from this ambitious Mosel producer in every major chain and we should benefit from the attractive prices while they last. This is a snip, a declassified Kabinett from a very good vintage and already shows some maturity. Sprightly, for once this really is "liquid refreshment".

Gentil Hugel 1992 £4.95 (LD). Hugel's new Alsace blend sounds so much better than Edelzwicker and tastes both soft and lively. It would make a please-all holiday house white, especially good for serving without food.

Lindemans Bin 65 Chardonnay 1993 £4.95 (available elsewhere). Displaying admirable quality considering the quantity made.

Menetou-Salon 1992 H Pellé £6.45 (LD). Better value than most Sancerres on offer. Fine.

☐ REDS

Jumilla Altos de Pio 1989 £2.99. Plums, life, good powerful aroma. Slightly tough but there is fruit too.

Faugères £2.99. A good, vigorous, if light example of this appellation in the hills of the Languedoc from the ubiquitous Domaines Virginie. Drink slightly cool, with leftovers?

Castel Pujola Tannat 1988 £4.75 (LD). Basque immigrants brought the Madiran grape to Uruguay! Powerful, concentrated, well-balanced wine in a nicely labelled bottle. Worth seeking out.

Ch Beaumont 1990 Haut-Médoc £5.95. A special Christmas price for this good vintage of a respectable cru bourgeois.

Penfolds Bin 389 Cabernet Shiraz £7.45. Well-blended classic South Australian.

Mercurey 1990 Domaine de la Grangerie £7.95 (LD). Scented and fruity with an attractive suggestion of licorice. Good with turkey.

TESCO***

Great activity to some interesting effect. The rivalry with Sainsbury continues. Many Tesco or International Winemaker labels.

☐ WHITES

Uvas del Sol Argentinian White £3.49. Big, powerful, dry, exuding flavour from a blend of Chenin and Ugni Blanc with some aromatic Torrontes grapes, made by LA Agricola. The Torrontes 1992 (more limited distribution) is worth the 20p premium over the Sainsbury example (Waitrose has the 1993). Dry but scented.

Australian Colombard/Chardonnay £3.75. Lemon and lime. Well blended from Murray river-irrigated fruit.

Domaine de la Jalousie Chardonnay 1992 £4.99 (LD – very). Yves Grassa, best known for his Côtes de Gascogne, plays to extremely good effect with the white burgundy grape and some top quality barrels.

Viogniers £4.99 and £5.49 (LD). Both of these Vins de Pays d'Oc are full, almost blowsy examples of this most fashionable grape. The Domaine St James (from Etang de Colombes in the Corbières) is so peachy it's almost commercial air "freshener".

☐ REDS

Merlot del Piave £2.99. Full, lively, north Italian soft red. Serve cool.

Uvas del Sol Argentinian Red £3.49. Robust blend of Italian Sangiovese and Bonarda with Malbec.

International Winemaker Syrah Vin de Pays d'Oc 1992 £4.99. Modern, cool-fermented Languedoc wine. Very deep purple. Young, simple, powerful, drink now!

Yarra Glen Pinot Noir 1992 £5.99 (LD). A second label from Tarrawarra in the Yarra Valley, widely regarded as Australia's natural Pinor Noir habitat. This seems better value than the £9.99 first label to me, although it may be best served very slightly cool.

Penfolds Bin 128 Shiraz 1990 Coonawarra £6.99. Oaky, dense mouthful.

☐ FORTIFIED WINES

Halves of sherry. Tesco sherries have always good but not always this well packaged. A useful half of lively, palate-whetting Manzanilla is £2.99, while the even more tingly, fuller Palo Cortado is £3.99.

THRESHER/ BOTTOMS UP/ WINE RACK****

This Whithread-owned off-licence group is waving the specialist flag most vigorously at the moment with some thoughtful buying and useful literature. It seems to be trying to hook us out of curiosity rather than price-cutting.

☐ WHITES

Sauvignon Nouveau 1993 Fortant de France £3.99. Lively, fruity, jolly, if simple.

English wines from the Harvest Wine Group. The exciting range of well-made wines from the English winemaker described in the *Weekend FT* a few weeks ago, in the £4 to £6 range and well worth it.

Bridgewater Mill Riesling 1993 £4.99. Petaluma's second label, a full, lively Riesling from South Australia that is drier, and therefore more useful, than most.

Villa Maria Riesling 1993 £5.49. Spine, acidity, spritz, off-dry New Zealander.

Casablanca Sauvignon Blanc 1993 £5.99. Real pizazz. Off dry richness. Long Chilean.

Scharzhofberger Riesling Kabinett 1990 von Hövel £7.15. Lovely, ligbt, pure, palate-sharpener.

Gewurztraminer Hengst 1990 Alsace Grand Cru £9.99. Good, meaty, savoury yet full, persistent white that can be drunk with all sorts of red wine foods.

Puligny-Montrachet 1990 Louis Carillon £15.99. Lovely pure stuff with great nerve and density. Great that a mass market chain actually lists this (although you may have to order it).

☐ REDS

Redondo 1991 £3.29. Loose, juicy red from a Portuguese co-op. House wine, for serving with or without food.

Quinta de Lamelas 1992 £3.69. First-class concentrated red from the Douro valley, made at Quinta de la Rosa. Too cheap.

Côtes-du-Rhône Tradition 1991 St Estève d'Uchaux £4.79. Full, supple, smooth. A good southern Rhône at a fair price.

Palliser Estate Pinot Noir 1991 £9.99. Light, hut perfumed, slightly sweet, and well structured for drinking with this year's festive fowl.

Mountadam Pinot Noir 1991 £9.99. If the above is New Zealand's answer to Beaune then this is Australia's answer to Nuits, a much more substantial yet still lively riposte to red burgundy.

☐ VERY STICKY

Seppelt Old Trafford Tawny £7.49. Tooth-rotting sweet fortified wine with more than a hint of rancio and zabaglione.

Stanton & Killeen Liqueur Muscat £5.49 a half. Australian sticky par excellence. Christmas pudding was created for this.

VICTORIA WINE**

A name to watch in 1994, although for the moment it is left at the starting post by rivals Thresher.

☐ WHITES

Gaillac Blanc 1992 Labastide de Levis £3.29 (available elsewhere). Amazing transformation from the dried-up apple peel of previous vintages to a characterful fruity mouthful, yet still recognisably the Mauzac grape. Australian winemaking is the answer – yet again. Good house white.

Cape View Sauvignon Blanc 1993 £4.29. South African fruit, New Zealand winemaker, lively wine.

Charles de France Chardonnay 1992 Boisset £4.69. A marginal bargain, this basic white burgundy, but worth seeking out just to see which cards a commercially astute Burgundian chooses to play. Answer, heavy Dom Pérignon-like bottle, heavy French branding, and the claims "oak aged" and (to trump New World producers) "hand picked".

☐ REDS

Jumilla 1990 Carchelo £3.59. Another well-packaged wine. New wave red Spanish. Rich, desperately trying to hide its naturally high alcohol.

Vina Pilar 1990 Felix Callejo £4.99. Another bargain from Ribero del Duero in north west of Madrid. Heavy oak but lots of ripe fruit.

Ch Carignan 1990 £6.99. Well made, plummy, vigorous yet accessible petit chateau claret.

Colle del Talo 1990 £6.99. Well-made Tuscan vino da tavola from Vicchiomaggio. Concentrated Sangiovese grapes given oak ageing. Substantial wine that can already be enjoyed.

WAITROSE***

Solid selection with some interesting bees in its bonnet.

☐ WHITES

Santa Julia Torrontes 1993 £3.75. Judiciously young, fragrant Argentinian aperitif wine. Tesco and Sainsbury also stock a version.

Ch Haut Rian 1992 £3.99. Distinctly superior dry white bordeaux which packs much more of a punch than many of its more expensive peers. Ch Chaubinet 1992 at £3.95 is almost as good.

Jacquère 1992 Vin de Savoie £4.55. Alpine refreshment but with more fruit than in many years.

Avontuur Chardonnay 1992 £4.99. Extremely good value for a well-made, relatively savoury, mealy South African.

Tokay Pinot Gris 1992 Blanck £5.25. Gorgeous. Serious, full, smoked bacon flavours. Very long and substantial.

Ch Bastor-Lamontagne 1990 Sauternes £7.75 a half. Waitrose has long sold this fine value sweet white bordeaux. Deep, rich, long, from a fine vintage. This wine could be drunk now but it should also repay cellaring until the turn of the century.

☐ REDS

Ramada £2.39. Yet another underpriced offering from a Portuguese co-operative. Hints of sweet chestnuts. Tiring after a while but look at the price…

Côtes du Ventoux 1992 Paul Boutinot £2.99. Juicier, lighter version of red Côtes-du-Rhône; good value.

Avontuur Cabernet/Merlot 1993 £3.99. Jolly, powerful South African blend from Stellenbosch.

Teroldego Rotaliano 1991 Gaierhof £4.25. Amazingly deep colour with deep, full, soft fruit flavours and a hint of bitterness at the end. Good with cheese.

■ Last week, Marks and Spencer's two-star rating was omitted.

A scholar, gentleman and gourmand

KARL FRIEDRICH VON RUMOHR: THE ESSENCE OF COOKERY
Translated by Barbara Yeomans
Prospect Books, £12.50, 212 pages

Karl Friedrich von Rumohr (1785-1843) enjoyed a certain reputation in his day as an art historian. What was possibly less well-known at the time was that Rumohr was the first German to make something like a systematic study of what we eat, writes Giles MacDonogb. To some extent this obscurity was intentional: in the high-minded world of German art history, it might not have done for a scholar to show an interest in anything so frivolous. Rumohr therefore published his book on food – *Der Geist der Kochkunst* – under the name of his cook: Joseph König.

The question is, how does Rumohr compare to his French contemporaries, Grimod de La Reynière and Brillat-Savarin?

Rumohr was one of the first advocates of what we now call "healthy eating" while both Grimod and Brillat had an unabashed French tendency to the over-elaborate. Some thing of Rumohr's approach derives from his knowledge of the ancient world: he wanted to return to the simplicity of the Homeric Greeks and the Augustan Romans. The nearest he could see to this in the modern world was England. He appreciated the simplicity of the English roast at a time when the French still boiled their meat, and thought the English would recreate the Roman fish sauce, or garum, which was splashed on to Roman food in the way that the Americans apply tomato sauce.

He is fascinated by what is now (only stupidly) called the "Mediterranean" diet which he encountered on his trips to Italy. He liked olive oil and tomatoes and thought the latter should be introduced in Germany. He would not have enjoyed listening to Frank Sinatra in restaurants: "Playing music during meals tends to stupefy people and is therefore reprehensible."

Where Rumohr really is interesting is in his early adoption of the socio-anthropological approach. He hears of the Maori *hangi* and he goes off and cooks it; he samples all the dishes he hears about from travellers and is far more ready to experiment than his smug, French contemporaries. That is the chief revelation of this book. The chief drawback is the translator's introduction which is largely irrelevant and ill-informed.

The secrets of Speyside

Giles MacDonogh on why a great malt can't be made in a bath tub

Speyside malts have a cachet which is denied to other whiskies. The concentration of so many famous distilleries along the banks of the rivers Spey and Livet, in a region circumscribed by the rivers Findhorn and Deveron, creates a geographical image of quality every bit as tangible as Pauillac or the Côtes de Nuits.

Whisky is not wine, though. To a large extent, it is created by the engineers who design the stills. Even so, the influence of geography and geology cannot be written off. As Bill Crilly, a chemist who manages the Tamdhu distillery, puts it: "If it were just about engineering, you'd be able to do just as good a job in your bath tub in Islington."

Clearly, water is important; otherwise, they would not have built so many distilleries along the fast-moving Spey. But the water for the mash comes from wells and springs, not the river. In general this is pure, soft water – although Glenlivet uses a hard water, which runs over limestone, in its mash tun. Crilly told me that you could not make good whisky from hard water. I mentioned Glenmorangie. He smiled.

There are mixed views, too, about the sort of barley you use. At the Macallan, they insist that the blend is 75 per cent Golden Promise and 25 per cent Halcyon, a winter barley from England. Others pour scorn on this exclusiveness: they say the quality of the barley is measured by its yield alone and that you cannot taste the difference from one whisky to another. Frank Newlands, at the Macallan, disagrees: "We had some disgusting stuff called Tyne once. We couldn't use it."

You can taste the difference in a beer; and whisky, essentially, is distilled beer. In the distillery, this beer goes by the name of wash. Some washes smell (and even taste) better than others. Distillers set great store by the friendly bacteria which live in the big, wooden washbacks. They also create flavour in the whisky.

Like a lot of wine, the wash undergoes two fermentations: first tumultuous (or "alcoholic") and then malolactic. The more vigorous the first, says Crilly, the better the whisky.

Then, there is the crucial factor of the stills, where size and shape are all-important. The usual line is that large, formless stills make dull whisky. They should be small, with humps called "boil pots", or with a wide head to give the whisky complexity.

The most important of the two stills is the wash still in which the whisky has its first distillation. Here, the sweet esters are created. The whisky should not be made too quickly: about 10 litres a minute is a good rate. Some distilleries run their stills too quickly – an operation known as "thrashing". At 35 litres a minute, you will get nasty flavours in the spirit and it can smell of old dishcloths. One or two commercial malts on the market have this odour.

The spirit which leaves the second still will be around 66 per cent alcohol on Speyside. This will be broken down with spring water and run into casks.

Here is another important factor: the quality of the wood. There is a lot of rotten stuff about, created by the enormous demand for whisky in the 1970s and '80s. Highland distillers are rather sensitive about wood. Casks which do not appear to marry up with the spirit are marked DNR (do not re-use) and thrown out.

Age has much to do with quality, too. The youngest whiskies on the UK market are eight-year-olds, such as Glenfiddich and Tamdhu. At this age, there is not a lot of complexity to be had.

Quality begins with malts 10 and 12 years old. In the old days, it was said that whisky got "oily" or "woody" or "heavy" after 15 years; but this was true only if the whisky had been matured badly. There are enough 25-year-olds around now to prove how false this argument was.

Responsible distillers try to put out their malts at the optimum ages. Glen Grant tends to be rather one-dimensional so that, even at 10 years, it is a pale whisky which smells of little more than honeycomb. Both it and Glenlivet belong to the giant Seagrams group, which has been hiding some of its greatest Speyside treasures in blends such as Chivas Regal, 100 Pipers and Passport.

Strathisla is a gem of a distillery in the town of Keith. Its dumpy stills produce a heavy, nutty whisky at 12 years, with vanilla flavour coming from bourbon barrels.

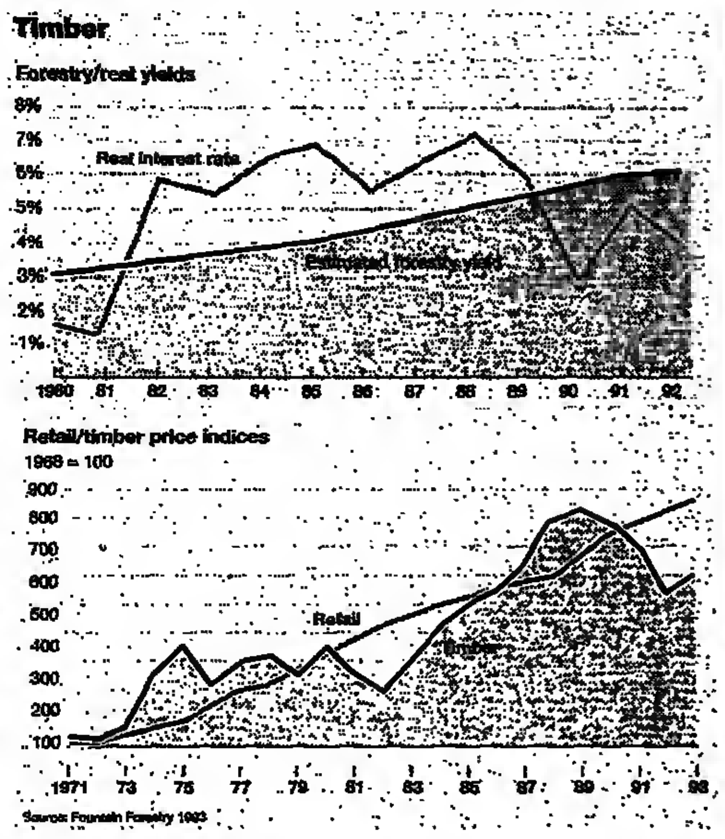
Longmorn has long been a favourite among blenders, but outsiders have had little chance to savour the rich delights of its honey and flowers bouquet at 12 or 15 years. There is some good news, however. Seagrams has decided to launch four new bottlings from its Speyside distilleries next year: Benriach, Glen Keith, Strathisla and Longmorn.

In the case of Longmorn, this is long overdue: here, elements combine with that little touch of sweetness to make the quintessential Speyside malt.

PROPERTY

Treat yourself to a festive forest

***Gerald Cadogan** suggests that acquiring woodland makes sense as an investment this Christmas*



Source: Fountain Forestry 1993

Why buy a Christmas tree when you can buy a forest? As a bulk purchase, they are cheaper. They can give pleasure and profit for generations to come. They are free of income and capital gains tax and qualify for 100 per cent business property relief from inheritance tax. And, if they are conifers, you have Christmas trees in perpetuity.

A voucher for a forest is a gift with a difference. It means a minimum investment of £50,000 in Britain, says management firm Fountain Forestry, or $250,000 to invest in hardwoods in the United States. Around $95m will buy a whole 400,000-acre (160,000-hectare) forest in the US from agent John Clegg.

Thanks to the influence of the Gulf Stream, Britain's climate is ideal for growing trees, especially such softwood varieties as pines. Native deciduous (or broadleaf) hardwoods take at least twice as long to mature but look better and belong in the British countryside – besides which, they attract higher goverment grants.

These are paid under the woodland grant scheme. Planting grants for conifers range from £615 a hectare (one hectare equals 2.47 acres) for more than 10 hectares, to £1,005 for less than one hectare. For broadleaves, the grants range from £975 to £1,575, paid 70 per cent on planting, 20 per cent after five years and 10 per cent after 10 years.

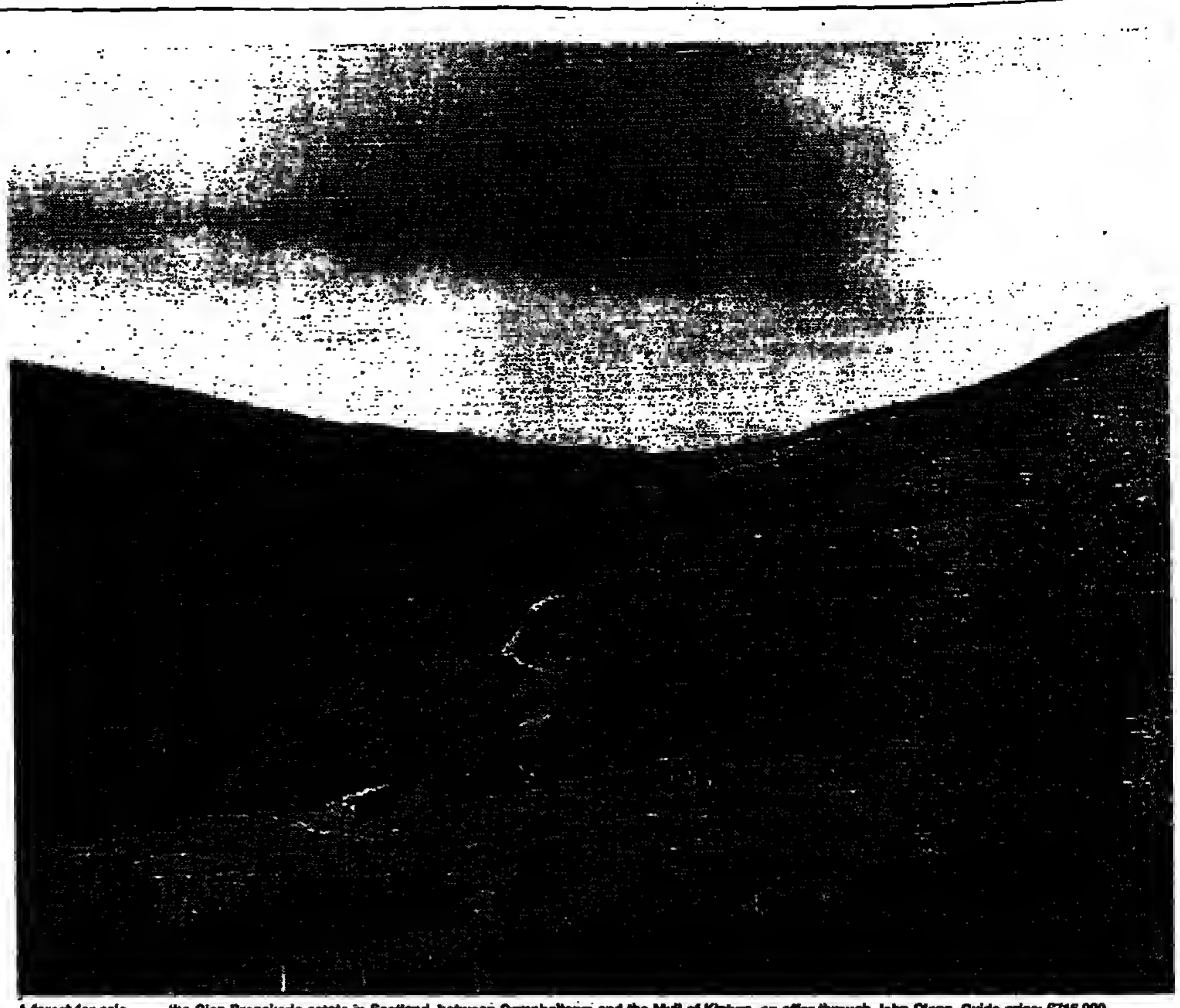
Then, the woodland management grant takes over for conifers 11-20 years old (£10-£15 a hectare per year), and broadleaves 11-40 years old (£25-£35). For woods of special environmental value, annual management grants offer £35-£45. An alternative scheme pays for natural regeneration.

Two extras are the better land supplement (£400 or £600 on planting) for using arable land or improved grassland, and the community woodlands supplement of a flat £950 for woods close to towns or cities that are open to the public for recreation. These two grants can apply also to the farm woodland premium scheme. This has similar planting grants but its annual payments (£60-£250 a hectare) are for using farmland.

If more than half the trees are broadleaves, the payments run for 15 years; if less than half, for 10 years. That explains the many newly-planted (usually hardwood) spinneys in the corners of fields which give cover for game to shoot and for other wildlife, make the farm look "natural" and will, eventually, produce timber.

The years are over of planting swathes of sitka spruce in straight lines over the hills of Scotland with no regard to the contours – "carpets of Scandinavian gloom," as they were called by the late Hugh Fraser MP. Certainly, a British timber supply was a top priority after both world wars (indeed, the Forestry Comission was founded in 1919). That is why it had such remarkable reliefs against tax, and still offers good pickings. But official wartime attitudes – aimed at planting lots of trees, quickly, without much regard to sensitivity – continued afterwards. Only now, spurred by environmental groups, do foresters have to mix the types and ages of trees and follow natural boundaries.

The return on timber depends on the likely future price. While that is hard to assess, there are long-term bullish factors. Fountain Forestry says UK prices follow the changes in gross domestic product and that the present forestry yield, in real terms, beats real interest rates. Timber prices are on the up.


A forest for sale . . . the Glen Breackerie estate in Scotland, between Campbeltown and the Mull of Kintyre, on offer through John Clegg. Guide price: £715,000

Then include the tax exemptions, which make it attractive to buy woods planted after the war that are now ready for felling in order to harvest a tax-free income; or to plant broadleaves for future generations of family to look after, while enjoying the IHT relief.

To qualify, the woods must be "in hand," which includes managed woods but not let woods (which have 50 per cent relief). Future markets are certain, provided the felled trees can be moved easily to the processing plant (grants for forest roads are one proposal before the government's Forestry Review Group, due to report early next year). Or, the plant should be brought to them. Huge investment in UK plants by Scandinavian and north European companies is a high mark of confidence. Since 1988, however, when the government ended a system whereby the wealthy could save tax by buying woodland and setting forestry expenses against all other income, new plantings and grants for them have been less than hoped.

The target was 33,000 hectares a year, but it was 29,500 in 1988/89 and has fallen steadily – doubtless affected by the recession – to 17,300 hectares in the year ended March 31 1992, the last available figure.

Another reason for this could be that the present system of farm grants under the EU's common agricultural policy makes a lot of land seem too valuable for mere trees. Take away farm grants and it would be a different story. A further reason – and a major grumble in forestry – is that you cannot plant trees in set-aside land – that which is taken out of use by farmers in return for payments from the EU.

To new investors, broadleaves look best. But to ensure they reach perfection in 150 years needs planning down the family line, plus faith. And £50,000 buys few of them, with a price for 20-year-old semi-mature trees of £900-£1,000 ($1,350-$1,500) an acre.

In the US, however, hardwoods cost about $250-$300 an acre, and they abound in the north-eastern states. Black cherry, especially, flourishes in these forests – an excellent wood for furniture which gets good prices, especially if it is veneer quality (the best).

Hardwood prices in the US have risen 50 per cent recently and, with the difficulties of managing broadleaves of such quality or quantity in Europe, Fountain advises European investors to go west. It manages forests for them from its office near Concord, New Hampshire, and also runs a hardwood forest in eastern Kentucky. But it will find you a forest in Britain, too.

Clegg has several UK forests for sale, mostly in Scotland. Since its recent British sales have tended to go for above the guide price, be bold and pop some woodland under the Christmas tree now.

■ *Further information: John Clegg, Edinburgh (031-229 8800); Forestry Commission, Edinburgh (031-334 0303); Fountain Forestry, Banbury (0295-750 000).*

هكذا من الاجل

As They Say in Europe / James Morgan

The Liberal Democrat menace

Some years ago, when I was in the Basque country, I got talking to a woman whose father had played a large part in the Spanish civil war. He was, of course, on the Republican side which lost. I asked the woman what party her father had belonged to. "He was a Liberal Democrat," she said.

"What on earth did that mean?" I asked.

"It meant," she replied, "that he shot everybody who wasn't."

That seemed to me at the time to be an idiosyncrasy of traditional Spanish politics. But historic Spain and Russia have curious parallels. The two possess the only folk dancers worth a damn, and the best folk music. And in neither is there a tradition of seeing the other chap's point of view.

So, today, we see those old Liberal Democrats resurrected, at the other end of Europe and the other end of the political spectrum. Vladimir Zhirinovsky's Liberal Democrats seem prepared to embark on the same course as that of his Basque predecessor.

In the west, the rise of this unsavoury grouping was greeted with alarm. In Russia, things are different. As I have noted before, the papers there seem to be able to take most developments in their stride. Irony provided one approach: "Everything possible has been done for Zhirinovsky to achieve a success. All conceivable errors have been made."

It was rare in the west to read of Russia's democratic leaders being at fault, but in Moscow there was little else. *Pravda* was grimly jubilant, saying that the leader of the Liberal Democrats had reached "a height unattainable for many of his rivals, above all because the executive branch of state power and its propaganda services were busy inspiring Russophobia intensively, importunately and consciously."

In what I might have called the liberal-democratic press, but cannot any longer for fear of misunderstanding, there was a more sympathetic account of what I might have called Russia's choice but cannot for fear of *etc etc*. It was noted that the Russian people had a "predilection for confident leaders who promised a rapid change to be brought about without great difficulties. This time it is the turn of Vladimir Zhirinovsky..." The next day, in a nice touch, the same writer argued: "The electorate got sick and tired of traditional promises by both communists and democrats." These traditions go all the way back to 1990.

Here we must confront an odd fact: Russia has shown itself capable of following in the footsteps of west Europeans. Last Sunday's vote provided a sort of re-run, in an extreme form, of what happened in Italy and, to a lesser extent, Brandenburg the week before. Ruling centre parties cannot win anywhere these days. But Russia possesses newspapers which can be described as expressing the views of far right communists, and their leading light is *Sovetskaya Rossiya* which clings to its anachronistic appellation for ideological reasons.

It noted that one Communist party leader had expressed confidence that his group would achieve "considerable mutual understanding with an absolute majority of blocs to which peace in the country and well-being in every home are the supreme value." (That was a blow at President Yeltsin who, in certain circles, has not been seen as an apostle of peace since his forces shelled the Moscow parliament building.)

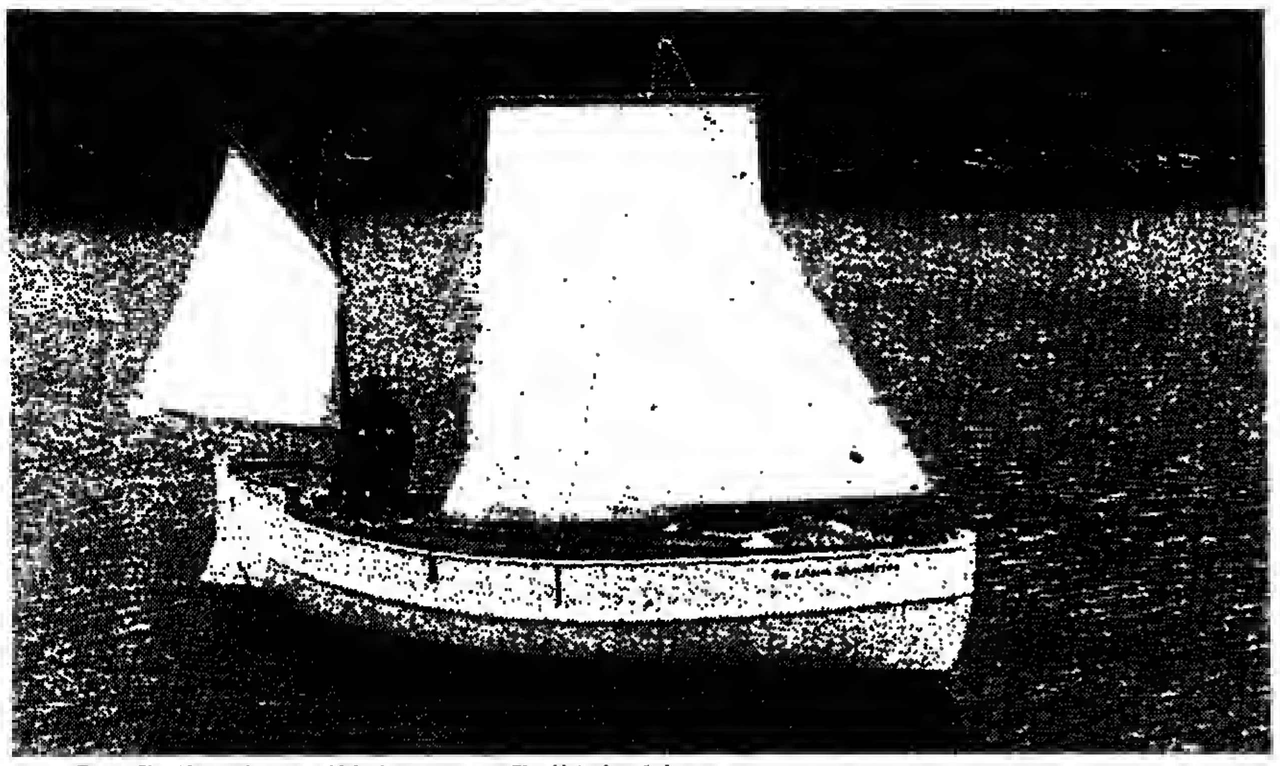
The next day, *Pravda* announced "the collapse of the democratic myth and the renunciation of the western Utopia". The communists prefer the nationalists, or fascists, to the democrats. And many shared the view that the Liberal Democrats now had a right to have their opinions respected and should be reckoned with in the formation of a new cabinet.

It all looks curiously like Germany in 1932. Then, the economy was in a total mess. There had been great inflation. Recommended western models were not working. The middle ground was squeezed and the communists did everything possible to ensure Hitler took over in 1933. There is always one comfort: historical parallels always turn out to be wrong.

Yet, it is a curious fact that, 60 years ago, the name National Socialists had a rather reassuring ring (better than International Socialists). The original party of that name had been a moderate Czech grouping in the last days of the Austro-Hungarian empire. Will all Liberal Democrats now be imbued with an air of menace? From Tokyo to their British stronghold in Yeovil, there must be many who are wondering if Russia has dealt them an unfortunate card.

Russia's Liberal Democrats do seem, however, to have learnt one lesson from western practitioners. The one-time populist governor of Louisiana, Huey Long, said it would be easy to start a fascist party in the United States. "You would just have to call it an anti-fascist party," he said.

■ *James Morgan is economics correspondent of the BBC World Service.*



The Sir Ernest Shackleton, the boat which aims to re-trace Shackleton's epic journey

Shackleton on one of his expeditions: he hated it when things eased off

Sailing in the wake of Ernest Shackleton

***Roderick Dunnett** reports on a voyage to retrace one of the most heroic sea journeys of the century*

The Roaring Forties and the Storming Fifties. Not exactly paradise for the sailor of a small boat. The seas around 55 degrees south, off Cape Horn, are some of the worst in the world. The swell rolls west to east almost unchecked. It is hurricane-torn, even in summer.

This month, four British yachtsmen plan to retrace one of the most arduous survival stories in maritime history: the voyage of Sir Ernest Shackleton and five others from the northernmost point of Antarctica across perilous seas to South Georgia, to fetch help for 22 colleagues marooned on barren Elephant Island – an attempt that succeeded and all survived.

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The re-created voyage, in a specially designed 23ft replica boat named the *Sir Ernest Shackleton*, will benefit from the long days of the Antarctic summer. But it will not be plain sailing.

"If we miss the island," says the group's leader, Trevor Potts, a 43-year-old water sports development officer from Tyneside, "there's no turning back: it's South Africa here we come!"

But why should anyone want to retrace Shackleton's boat journey at all?

"It's been at the back of my mind for years," Potts explains. "After all, it was one of the greatest survival stories ever. To bring anyone back alive, let alone the entire party, against all the odds, was an amazing feat. Shackleton was an unusual leader.

"He undoubtedly made mistakes; yet he was the brains, behind not just both expeditions (six years earlier, Shackleton and three others came within 97 miles of the Pole), but the rescue as well."

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Shackleton's ship, *Endurance*, sailed south in August 1914, just as war broke out. His plan involved a crossing of the continent, from the Weddell Sea to the Ross Sea via the South Pole. But in January 1915, *Endurance* became trapped in the pack ice. She was borne 1,000 miles northwards before sinking, crushed by enormous pressures. For four months the party camped on floes, then fled in lifeboats as the ice broke under them.

That they reached Elephant Island, in appalling conditions, was a miracle.

The *James Caird*, largest of the three lifeboats, in which Shackleton made his dash for help, was 23ft long and 6ft in the beam. On the ice two strakes had been added, giving her a freeboard of 2ft 2in. Before the journey she was decked with packing case lids and covered with canvas, stretched over sledge runners. A spare mast had been bolted to the keel to stiffen her. Rocks and bags of gravel and rocks served as ballast.

The group's only reachable source of help, South Georgia, was a mere speck in the ocean, 800 miles distant. Had it not been for a superb navigator, Frank Worsley, the *Endurance*'s New Zealand-born skipper, James Caird might never have reached her destination.

What followed was an epic battle – against continuous, freezing gales and mountainous seas, drenched clothes, salt water sores, ice and frostbite – plus on day nine, at midnight: "The huge crest of an enormous 90ft wave, the most gigantic I had ever seen," wrote Shackleton. "It was a mighty upheaval of the ocean: we baled non-stop, like men fighting for dear life." Their sleeping bags shredded; salt leaked into their fresh water. Worsley had few glimpses of the sun to check their position; his navigational tables were soaked and almost illegible.

What saved them in the end was a mixture of luck, tenacity and hot food: concentrated "hoosh", and scalding milk at four-hour intervals, boiled on a rickety primus.

When they sighted South Georgia 15 days later, they were faced by an iron-bound coast – a lee shore in a hurricane. They were nearly dashed to pieces. Disaster threatened when they almost lost their mast. It was 36 hours before they made a safe landing, tacking precariously into a cove in King Haakon Sound. A 500-ton steamer from Buenos Aires, they later learned, was lost that night with all hands.

Expedition leader Trevor Potts

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Potts is no stranger to adventure. His log of a single-handed voyage to Falmouth from the Azores, when his 25ft boat was almost overwhelmed, won the Dugon Prize in 1986. Soon after, he and another party member, Robert Egelstaff, made a journey by kayak, in near-zero temperatures, across the Bering Strait from Alaska.

On that trip, the party got separated by fog, missed an island and ended up being arrested by Russian coastguards. When we met in Newcastle-upon-Tyne, in Tyne and Wear, he had problems locating a nearby pub and mislaid the only female member of the party – Victoria Brown, a qualified yachtmaster and navigation specialist. "Don't worry," Potts reassured me. "Vicky will be navigating, not me." The *Sir Ernest Shackleton* has been built to his designs by McNulty's, the South Shields shipbuilder, where he was a workshop manager.

Is it really a replica? "We kept her dimensions as near as we could to the *James Caird*," says Potts. She has a similar sailing ability. But we've made her stronger and more watertight. We've added four bulkheads. Our hull, strip-planked, is glass fibre- and epoxy-sheathed, and laid on laminated frames; and has been strengthened with steel so she won't buckle. Our cockpit is smaller but, like the *James Caird*, she's not high enough in the water to self-drain. So we expect to do a fair bit of pumping and baling." The new boat is ballasted not just with lead, but with water beneath the cabin bunks. Perhaps most important, she has a tiller. With his "accursed mizzen" – as Worsley termed it – forming an obstruction, Shackleton was forced to steer with yoke and lines.

There is no room for a life-raft, but an Inmarsat satellite transceiver, backed up by VHF and GPS (global positioning system), should keep Potts's team on course and in touch. "Still, we plan to navigate by traditional means part of the time," explains Vicky Brown, "to get some idea of the problems Worsley faced." If their GPS breaks down (as it might), they will have no choice.

Their main advantages over Shackleton will be temperature and daylight. "But winter conditions are actually more settled," Trevor Potts points out. "In the Antarctic summer there's a good chance of strong crosswinds and high swells – a north-easterly right up our nose. If we get a hurricane, things could definitely be as bad. But Shackleton had huge problems with ice; we don't anticipate that."

No photographic record exists of the boat journey or the other epic that followed, and which the group also plans to retrace: a treacherous climb by Shackleton, Worsley and Irishman Tom Crean over the glaciers, snowbound ridges and bleak mountains of the uncharted interior of South Georgia to reach the Norwegian whaling stations on the other side.

The skills of the fourth expedition member, Chris Smith, a mountaineering expert from North Wales, could well be needed.

With a scrap of German chart and a pair of compasses, Shackleton's trio covered 40 miles (22 as the crow flies) in 36 hours, scarcely pausing to rest. Trapped on a ridge, they glissaded 1,000ft into the unknown, hunched together on a coiled rope, and landed in snow, descending next day via a waterfall to Stromness. Their luck never waned. The moonlit conditions were the best in weeks. Next day, the blizzards closed in.

Will Potts and his companions manage? "My experience is that when the going gets hard you become stronger, not weaker," says the leader, who suffers from rheumatism and arthritis (Shackleton himself went through agonies due to sciatica). "None of us is a giver-up," puts in Vicky Brown. "Shackleton hated it when things eased off," Potts adds.

The *James Caird* (named after Shackleton's main sponsor, a Scottish industrialist) survived both the journey home and a second world war flying bomb. Restored by the National Maritime Museum, it is displayed at Dulwich College, to which it was presented after the explorer's death on his last Antarctic expedition – a planned circumnavigation – in 1922.

The building of the *Sir Ernest Shackleton* has been sponsored by the Gryphon group of companies: Aran Energy, Clyde Petroleum, Kerr McGee and Santa Fe, with additional help towards equipment and clothing. Further sponsorship is welcome.

Sex, food and fighting

Continued from Page I

himself the finest cock in the world.

Bobby, of course, was not the owner of all these acres and all these chickens. He is just one of 36 members of the Zamboanga Game Fowl Breeders Association, who in producing more than 6,000 top-rate cocks a year have put Zamboanga firmly on the Filipino cockfighting map. Today the quality of La Paz cocks rivals that of Bacolod, the country's cockfighting capital in the central Philippines, where 50,000 game birds are raised annually.

The La Paz cockers have come to this isolated valley for its ideal climatic, breeding and training conditions, and also for its security. Surrounding La Paz are tall observation towers equipped with high-powered searchlights for night surveillance. At the entrance is a barricade manned by a guard toting an M-16 assault rifle.

"A necessary precaution," sighed Bobby. "We used to have a lot of losses. It's no wonder – not one of the cocks raised here is worth less than 5,000 pesos, more than $175 – that's more than six month's salary for many Filipino workers. The Zamboanga Whites bred here are each worth many times more than that."

But Bobby's big concern that day was his on-going conditioning programme for a fight just three weeks hence. It was a big fight, a seven-cock derby in Lapu-Lapu City with a top prize of 4.25m pesos, more than $150,000.

"You can't actually 'train' a cock to fight," Bobby told me when I asked if he thought cocks had any intelligence. We were sitting beside a covered sparring ring watching assistants tie two sets of miniature gloves over the spurs of a pair of cocks.

"Game birds have more instinct than reason – some people would call them just plain stupid," he added. "If they had any brains they would take one look at the three-inch steel slashing blade attached to their opponent's left leg and run the other way. But no, they rush into what for one is certain death – few cocks survive more than two or three fights. Five- or six-time winners are exceptional."

"What you can do, though," he said, "is prepare them for a fight, develop those qualities which make winners – fighting spirit, leg strength for cutting power, attacking speed, timing, body conformation." We watched the cocks warily circle each other, side-stepping, feinting, then suddenly diving down on each other with legs slashing away in a blur of motion.

"It is just like boxing."

There is just one round, a single, quick, fatal encounter

Bobby added, watching the cocks approvingly.

A few days later, I witnessed the culmination of all this work. It was just an ordinary Sunday hackfight in a local Zamboanga cockpit with a minimum entrant's bet big enough to feed a whole family for a couple of months, but a small sum by today's fight standards.

The atmosphere, though, was electric. Down by the ringside the town's wealthier bettors were instructing the pit's hordes of bookmakers on larger amounts for posted bets. High up in the cheaper bleachers the town's poor were making smaller sida bets with each other. So noisy and jammed do the pits get that bettors and bookies rely on a system of hand signals – fingers pointing upwards to indicate tens of pesos, sideways for hundreds, down for thousands. Presenters with microphones, bright lights, referees in white shirts and bow-ties, punters bellowing and gesticulating – Bobby was right: it was a lot like boxing.

But there are no bouts in this sport, no point scoring, no final-round re-evaluations, no technical victories. There is just one round, a single, quick, fatal encounter. A few feathers fly, a blade hits a vital organ, the crowd roars and a cock lies dead in the sand on the pit floor. It usually lasts no longer than 30 seconds. After so much care and preparation the whole thing, in fact, seemed to me rather anti-climactic. Certainly it is no more cruel than the fate met out daily in the world's abattoirs to millions of industrially-raised chickens.

Give me La Paz any day, I would say, if I were a chicken. Enjoyable surroundings, plenty to eat, and stimulating company. I have just one proviso: when the big day comes, don't match me against a Henny.

Skiing / **Arnie Wilson**

Wall-to-wall challenges

As I puffed and panted my way down the lower section of Gentianes, one of Verbier's longest and least relenting runs, I was aware of another skier having a similar battle not far away. We both paused, using our chance encounter as an excuse for a breather.

"Wow!" he said. An American. "Quite a run!" "Certainly is," I said. "How does this compare with the Rockies?" I asked, knowing perfectly well that America had nothing to touch Verbier for long, tough, uncompromising skiing.

"Never skied there," he said. "I'm from Alabama." No wonder he was tired. The only ski resort in Alabama is Cloudmont (50 miles from Chattanooga) where the vertical drop is just 150 feet. Gentianes alone has a vertical drop more than 20 times as much.

There is a large amount of challenging skiing in the Swiss resort of Verbier. In other places you might screw up the courage to ski the difficult runs, and then once you have done so a couple of times you can relax knowing that you have done your brave deed for the day. But Verbier has wall-to-wall challenges.

Mont Gele and even Mont Fort are occasionally closed because of blizzards and avalanche danger. In 1950, when Verbier's first proper chairlift to the Croix-des-Ruinettes was erected, the installations were delayed by bad weather in spite of Verbier's reputation as a sun trap. (The first lift – the 1946 "Funiluge" – was a giant sledge powered by a combustion engine accommodating 12 skiers.)

British skier Konrad Bartelski had told me that the back of Mont Fort was spectacular but not a good place to fall. I had always been petrified that one day I would find it open and have to ski it. This year that moment arrived.

There are no two ways about it, I was frightened: as much for the skiers perched perilously above me in the severe opening couloirs, as for my own skin. However the elation at getting down safely was unforgettable. After skiing the back of Mont Fort, the front – steep as it may look – will never seem as threatening.

Mont Gele in good, fresh snow is also spectacular – with the opportunity of plenty of good turns in powder before you need to put the brakes on – but nowhere near so intimidating as the back of Mont Fort unless you attempt the steeper side which is fraught with danger.

Verbier, of course, is not just for strong skiers, although they probably get more out of it than beginners and intermediates, who also have to cope with busier pistes and longer queues caused by Verbier's somewhat inadequate lift system. One of the advantages of skiing the back of Mont Fort is that it takes half a day and does not attract crowds. Even more conventional runs like Gentiane – too tough for inexperienced skiers – will keep most skiers busy for long spells in between lifts.

Trying to evaluate Verbier is an exasperating affair. In many ways it has some of the most exhilarating skiing in the world. But a modern French lift system of multi-person gondolas replacing its more antiquated, ponderous cable-cars would take away some of the angst involved in trying to reach the slopes more quickly.

This day-time undercurrent of frustration dissolves by night into irritation with the resort's Hooray Henrias. Rather like Verbier's lift system they are irritating rather than infuriating. Surely the original Hoorays must have grown up by now – or have they? Anyway, fresh supplies seem to arrive each year.

Even the Farm Club, considered an upmarket nightspot, suffered during my visit. After two chalet girls danced topless, five young Englishmen took to the dance floor and stripped off their clothes. No-one seemed to object, but it was not my idea of a fun night out.

The following evening, on our chalet girl's night off, we and our Flexiski host Neal Manuel enjoyed a much more entertaining – and cheaper (Manuel paid) – evening in a local bistro. Like quite a few small tour operators, Manuel started out working for someone else. He was a ski guide with Don Kremer's Snowtime operation, based in Meribel.

■ Flexiski (049084-446) operates in just two resorts: Courchevel and Verbier. It offers a chalet in each resort, chalet apartments in Courchevel's central Forum complex and the rest of its accommodation is in three- and four-star hotels: four in Courchevel, including the four-star Annapurna, Bellecote and Hotel des Trois Vallees, and one in Verbier, the Hotel Vanessa.

Fantasies for the young at heart

Michael Glover on some children's books which are just clamouring for attention

The sight of 1,000 children's books clamouring for our attention in a medium size bookshop is almost as maddening and confusing as the sight of 1,000 children clamouring for our attention in that same bookshop. So call them all to order and group them strictly in lines – with the youngest first, of course.

The most pictorially ravishing picture book is undoubtedly **The Children of Lir** by Sheila MacGill-Callaghan (Ragged Bears, £8.99), a story loosely based on an Irish legend that may have been one of Shakespeare's sources for *King Lear*. When Lir's wife, Aiofe, witnesses the affection the king shows his children, she changes them all into swans and the conditions that need to be fulfilled if they are to regain their human forms seem beyond the reach of mere human ingenuity. The book's Russian illustrator, Gennady Spirin, has an exuberant touch – his dolphins leap out of the waves at us, and his birds beat their wings in a baroque frenzy. All this marvellous colourwork helps us to forgive the book's author for a diction that leans too heavily at times on archaic locutions.

Other outstanding picture books for the under-sixes this autumn include **Too Tired** by Ann Turnbull (Hamish Hamilton, £8.99; illustrated by the excellent Ella Chichester Clark), in which the slothful behaviour of two sloths makes Noah's job of filling the Ark with two of everything before it gets too late almost impossibly difficult; **The Beast with a Thousand Teeth** by the elderly Python Terry Jones (Pavilion, £6.00; illustrated by Michael Foreman), in which too many cakes topped by pink icing destroy a heartless beast's hopes of using his magnificent teeth to gobble up an entire community; and **The Snow Angel** by Angela McAllister and award-winning illustrator Claire Fletcher (Bodley Head, £8.99). Elsa lies down in the snow and makes the shape of an angel with her outstretched arms. The impression (like her own fantasy of turning into a snow angel) does not go away.

Finding a new theme for an anthology of children's poetry is always extremely difficult – pets have been flogged to death; witches are looking increasingly threadbare. One anthologist who always seems to have the capacity to spring a pleasant surprise is Anne Harvey. **He Said, She Said, They Said** (Blackie, £9.99) is a collection of poems written in the form of conversations – from Auden's marvellous ballad "Oh, What is that Sound?" to the traditional "Oh! Soldier, soldier, won't You Marry Me?" Like novels written in the first person, poems spoken in individual voices arguing, teasing, complaining or merely enquiring, have a special capacity to surprise and delight. The unexpected interjection heightens the dramatic effect at every twist and turn.

Another new anthology worth recommending is **Funny Bunch** (Viking, £8.99), a collection of comic poems edited by the excellent children's poet Kit Wright. Wright has done his homework as an anthologist. He does not plunder the best of his material from other people's anthologies – the oldest trick of the anthologist's trade.

Of the new novels of children of six to eight, **Akimbo and the Crocodile Man** (Methuen, £6.99) by the prolific Alexander McCall Smith is the third in a sequence of novels about a young African boy who goes on safaris. The moments of excitement are worked for; there is no gratuitous sensationalising. Jenny Nimmo's **The Stone Mouse** (Walker, £6.99) is a short, taut novel told from an unusual perspective – that of a stone mouse who has to tolerate the tiresome attentions of holiday visitors to his seaside home.

Anne Merrick has taken for the subject matter of her first novel for older children the difficult and challenging problem of a child who has lost its memory and is trying to reconstruct, step by painful step, a new reality for itself. This could have been merely a worthy book; in fact, **Someone Came Knocking** (Spindlewood, £9.95) is an extremely powerful and engrossing one from start to finish. Susan Price, who won the Carnegie Medal in 1987 for *The Ghost Drum*, is very good at retelling traditional fairy stories, giving them new setting and unexpected meanings. Her latest book, **Head and Tales** (Faber, £9.99) mines a similar vein. Lynnet the storyteller, an old man in the grip of a fever, makes a macabre request: that his head should be cut off, wrapped in rags and delivered by his own children to their grandmother's distant home. It seems a near impossible task until the head opens its mouth and starts to spin some grisly yarns of its own.

Finally, a collection of stories for children that is likely to appeal as much to parents as to their sophisticated young. **The Oxford Book of Children's Stories** (Oxford, £17.95), edited by the excellent children's novelist Jan Mark, is a collection of some of the best short stories written for children over the past 250 years, beginning with Sarah Fielding's "Story of Celia and Chloe" of 1749; passing through contributions by such writers as George MacDonald, Louisa May Alcott, Jean Ingelow and Christina Rossetti; and concluding with work by some of the editor's own contemporaries – James Berry, Anne Fine (winner of this year's Carnegie Medal for *The Flour Babies*) and Phillipa Pearce. What insights the collection gives into the historical development of writing for children! – the most interesting of all being the fact that the ingredients for a successful children's story have remained remarkably constant down the years. Everything changes, everything remains the same.

Poetry in the heart of the cinema

Can this really be "the first collection of its kind" as the flyleaf boasts? The words "poetic" and "cinema" have been going steady now for almost a hundred years. But then as the book's co-editor, The Observer film critic Philip French, points out in his preface, verse *about* the movies probably constitutes the slimmest of the half-dozen categories in which the two big concepts – Poem and Film – interact.

There are "poetic" movies (John Ford, Dovzhenko, David Lean). There are movies by poets (Cocteau, Pasolini) and about poets (Fredric March as Browning, Richard Chamberlain – heaven help us – as Byron). There are movies quoting poetry or titled after it (*Gone With The Wind*). There are even movies based on verse plays (*Key Largo*, *Winterset*), though Hollywood ensured that not much of the verse remained by the time Humphrey Bogart or Burgess Meredith moseyed into view.

Yet amid all this crossbreeding there seem to be few instances of poets – or well-known ones – serenading the screen. This book is a pleasure and a provocation: not just for its revelation that many bards over many decades *have* hewn serious thoughts about cinema. But the range and wit of the entries surprises too. In a Cinemascopic arc of mood from satire to sober philosophising, from terse haikus to logorrheic lampoons, we find a poetic language not vulgarised but enriched by movie terms and argot. Witness "Hollywood Jabberwocky" in which screenwriter I.A.L. Diamond, Billy Wilder's longtime collaborator, brings the spirit of Lewis Carroll to Lotusland:

*'Twas ciros, and the cinelords
Were lollyparsing with their babes:
All goldwyns were acadawards
But demille rules the nabes.
"Beware the Jarthurank, my lad!"...*

And so on, niftily, neologistically. (Keep the footnotes handy to discover that "lollyparsing" refers to gossip columnist Louella Parsons and "ciros" to a Tinseltown nightclub.)

THE FABER BOOK OF MOVIE VERSE
edited by Philip French and Ken Wlaschin
Faber £20, 450 pages

Wordplay is one response to cinema and its challenges for the poet. Other practitioners prefer the monosyllables of gnomic irony. Daniel Hoffman tartly addresses the Dream Factory's fleeting love affairs with innocence – "In the days of Rin-Tin-Tin/ There was no such thing as sin". Irish filmmaker Neil Jordan wittily versifies his first encounter with Hollywood back in 1986, when he pitched his ill-fated comedy project *High Spirits* – "they ask why it's not like your last/ you tell them that emotion's past". And W.H. Auden in "I Am Not A Camera" skins his language back to Savonarolan spareness to conclude, at the end of three censorious stanzas, that "The camera may/ do justice to laughter, but must/ degrade sorrow."

Auden's poem is enrolled in the most ambitious of the book's five sections, "Movies As Metaphor." Other headings include "The Silent Cinema," "Hollywood," "Films And Genres" and "TV And The Afterlife Of Movies". Movie as metaphor fills one with dread and this section is the most pompous and unconvincing. "Last night/ I played Kirk Douglas to/ Your Burt Lancaster" starts one poem that does not tempt one to read further. Another, drawing itself for a full fantasy/reality think-session: "Can this, the world we see today, be real?"

Attacks of solemnity are not absent from other parts of the book. We might have guessed that a slew of 1960s poets would gather around Harpo Marx to hymn his Christly, sad-clown, pre-Flower Power charisma. They are John Wain, Jack Kerouac and Robert Lowell. And A.S.J. Tessimond makes short work of Charlie Chaplin's idiomatic humanism by turning him into a cautionary hieroglyph for all mankind: "God kicks us in the pants and sets banana-skins on stairs..."

In a good poem, as in a good movie, power comes from the particular. Nearly all the best verse in this book grows from the casual passion of the viewing experience itself. It can be Carol Ann Duffy finding that her memory of a friend is enmeshed in the memory of their joint TV viewing of *Now, Voyager*. Or it can be Michael Ondaatje's wonderful "Late Movies With Skyler," where a midnight re-viewing of *The Prisoner Of Zenda* prompts some blithe, wry philosophising on heroes and destinies. Watching Stewart Granger's hero vanish from the zone of narrative certainty at the film's close, Ondaatje suspects he is merely joining the rest of us in that great formless playground we call Life:

In the movies of my childhood the heroes after skilled swordplay and moral victories leave with absolutely nothing to do for the rest of their lives.

Ondaatje knows what makes popular movies so appealing. They provide our lives with passing paroxysms of action and reaction, evildoing and dering-do, purpose end message: after which we and the heroes head back into the routine sunsets and sunrises of our lives – not disappointed, but renewed in our relish for their subtler, quieter, more haphazard eventfulness.

Nigel Andrews

Fantasist of great rigour

If in adult life you are going to become a writer, San Remo on the Italian Riviera seems to be as good a place to be brought up in as any other. This posthumous book reveals how well it served Italo Calvino (1923-1985) as a playground for childhood and adolescence. It makes one ask whether San Remo's role as a holiday resort, as a fun place, accounts for some of the fantastic invention, the ludic element taken to extremes, that is so ubiquitous a feature of Calvino's fiction.

Up to now San Remo has been little more than an entry in Calvino's curriculum vitae, along with the fact that he was actually born in Cuba of Italian parents, both of whom were scientists, while always regarding San Remo as his "real" birthplace. His experience during the second world war as a partisan in the Italian Resistance in the surrounding countryside is reflected in his early work. After the war when Calvino was still in his early twenties he graduated at the University of Turin with a thesis on Conrad and then began a career in publishing combined with writing.

Calvino's creative talent was recognised by Cesare Pavese who promoted his work, and with the publication of tales like *Il visconte dimezzato (The Cloven Viscount)* in 1952, Calvino's reputation as someone who could sustain a far-fetched fantasy with the logical rigour of a mathematician was secure. Comparisons with Lewis Carroll as well as Borges abounded. Throughout the 1960s and 1970s, thanks to sensitive translators like Archibald Colquhon and William Weaver, Calvino's work acquired a considerable following in the UK and the US.

THE ROAD TO SAN GIOVANNI
by Italo Calvino, translated by Tim Parks
Jonathan Cape £12.99, 150 pages

In trying to explain the nature of his fiction to English-speaking readers, Calvino once made the interesting linguistic point that: "There are two different words in English, novel and romance, for what in Italian is always called a *romanzo*". It is romance given the surface gloss of realism that is his favourite form. The writer in our tradition to whom Calvino felt especially close was R.L. Stevenson. The "Cloven Viscount" is a medieval version of Dr Jekyll and Mr Hyde.

But now with the publication of these short pieces composed at various times as *The Road to San Giovanni*, we have a direct attempt on his part to reconstruct the world of his childhood in the manner of Proust. If as a novelist Calvino occupies a frontier between fantasy and reality, he reveals in the title-piece that the family house where he was raised also looked two ways. It "was situated, in an area once known as 'French Point', on the last slopes at the foot of San Pietro Hill, as though at the border between two continents".

Below was the town with the seafront and harbour offering escapism; above were the hills and the land cultivated by his father, a botanist and a farmer. When the hobnail-booted Calvino senior ascended the rugged path to his fields he had the air of a man entering his kingdom. The boy Italo would toil along after him, already conscious that his domain lay not among the mountain flora whose names he could never remember, but down below, oriented on such landmarks as the cupola of the Prince Amadeus Municipal Theatre.

The immemorial estrangement between father and son is seen in this essay through landscape and townscape. It is complemented by the next one – "A Cinema-Goer's Autobiography" – where the writer describes how he did manage through constant truancy to inhabit his own chosen space peopled by the stars of pre-war Hollywood. This was before the days of Technicolor and the monochrome effect enhanced the magic.

It all came to a stop in 1938 when Mussolini banned American films. But by then the cinema had fulfilled its function of confirming him in his commitment to the imagination as a way of life. He was to return to the cinema as an adult during its post-war renaissance in Italy, and he honours his debt to Fellini as a source of inspiration.

Before that there was the war and Calvino dredges up some painful "Memories of A Battle" when in retreating from a village in the Maritime-Pre-Alps one of his comrades was killed. Then in "La Poubelle Agréée" the scene switches to post-war Paris where Calvino now a successful man of letters is living with his wife. His contribution to the domestic equilibrium is to empty the rubbish every day into *la poubelle agréée*: it is left untranslated because it defies an accurate rendering – "the pleasing or approved rubbish-bin" – the point being that no rubbish will be collected unless it is deposited in such a *poubelle*.

The regulation sets in train a meditation on western civilisation in which garbage disposal (including the junking of early drafts of literary work) is seen as its essential ritual. Finally "From the Opaque" carries this Calvinoesque exploiting of a master-metaphor into the realm of the cosmos where shadow and sunlight are presented as over-riding all other conditions of being. The translation of this poetic piece must have presented Tim Parks with his greatest problems; but the whole book reads most elegantly; it represents a series of charming footnotes to the work of a major modern writer.

Anthony Curtis

Major-General Sir James Kempt, c.1824, artist unknown, is one of a number of illustrations to "The Victorian Soldier: Studies in the history of the British Army 1816-1914" edited by Marion Harding and published as a paperback by the National Army Museum at £16.95

Anything but fossilised

J.D.F. Jones gets hooked on rocks

I know next to nothing about geology – my only acquaintance with fossils comes from *The French Lieutenant's Woman* – and I had never thought to give the matter my attention. This book shows me to be a fool. I have read *The Hidden Landscape* in a state of sustained fascination, and commend it to all the other fools out there.

Richard Fortey's theme is the connection between the geology of the British Isles and our landscape: he shows how today's beautiful, diverse and threatened countryside is the result of events that took place unimaginable millions of years ago. It is, he says, "a book about connections between geology, natural history, and ourselves. The intention is to inspire a way of looking at the landscape..."

This is not, I suggest, a book to be read at a single sitting – it is too rich, too dense, for that. Rather it should join Pevsner and Hoskins and Rackham, if not in the car at least on the shelf below the Barbours and above the wellingtons. (It is a pity that the index is not quite full enough, since you will frequently want to look up place names from your travels.) I am not remotely qualified to say so, but I suspect we have here a new classic.

We start in the North-Western Highlands of Scotland and finish on the fast-eroding shores of East Anglia. Like all geologists, Fortey is a bit of a nut, and certainly a romantic: when he gets behind the gasworks in Haverfordwest, cracks a rock in two and discovers a trilobite, "there was astonishment in suddenly finding this complex creature, so perfect though so old, with a pair of petrified eyes visible to the naked eye even in the misty light of a Welsh afternoon, eyes that had last seen the world more than 400 million years ago – before the first, humble liverwort had colonised the dampest shore, before sharks, before flies, and how unimaginably far before humankind".

There you have a reminder of the time factor. This is not a book for Fundamentalists: the Earth is *4,600 million years old* – "one of those immutable facts that should be filed in the mind, along with the date of The Battle of Hastings and The French Revolution". Britain apparently contains as great a variety of rocks in a small area as anywhere in the world, and Richard Fortey rolls back the skin of vegetation and buildings so as to lay bare the hidden landscape that has shaped our nation and its character. (In a typical aside he cannot resist quoting Catherine in *Wuthering Heights*: "My love for Heathcliff resembles the eternal rocks beneath – a source of little visible delight, but necessary".) This is popular science at its best; it is beautifully written, constantly witty, and excellently illustrated.

THE HIDDEN LANDSCAPE
by Richard Fortey
Jonathan Cape £19.99, 310 pages

The language is certainly accessible to the layman. Consider, for instance, the tiny agnostids – "Blows have been exchanged over the question whether agnostids are or are not really trilobites. They have been thought of as Cambrian parasites or, more plausibly, as Cambrian plankton... They changed through time, so just by looking at these little enigmatica the expert can tell what part of the Cambrian the fossils come from. This is practically useful in tracing correlative beds from one part of the country to another, or even throughout the world. Some of the same agnostids that lurk in the cliffs at St Davids's are found in Sweden, China, Australia, even Siberia. I once had a visitor from Kazakhstan whose command of English was rudimentary, but we got on perfectly well by merely exchanging smiles and the names of agnostids..."

That illustrtes the style of an engaging book. There is no particular thesis: this is a journey around the British Isles, describing, explaining, analysing, digressing, making clear many things we may never have taken time to consider.

The range of Fortey's enthusiastic scholarship seems limitless: he talks in passing about the quality of bottled mineral water, the Moine Thrust, the Loch Ness monster, cream teas, Gerard Manley Hopkins' "dappled things", the "grass of Parnassus" on Lindisfarne, D.H. Lawrence's ambivalent response to coalfields, the Cheshire salt industry and its origins, pargetting, the importance of Welsh slate and Portland stone for British architecture, the demise of truffle hunting, elephant fossils in East Anglia, the true extent of the Ice Age, the peat industry in the 14th-century Norfolk Broads, the nature of (real) amber, the link between churchwarden pipes and lip cancer, the fact that "on the summit of Mount Everest there are Ordovician fossils really quite like those from North Wales"...

And so on and so forth.

Full pelt through Armenia

A young writer walking in eastern Anatolia stumbled on a piece of bone which, so a nonchalant shepherd told him, was human.

Thus began Philip Marsden's voyage round the Armenian diaspora. When he reached the desert town of Ras ul-Ain in northern Syria, however, the place where thousands of Armenians were corralled and massacred in 1915-6, he found nothing, felt nothing. "I had thought that seeing the places might make it easier to understand. It hadn't; it had made it harder."

Here is an observant writer armed with a rich theme: the long aftermath of the Turkish genocide whose details were for years suppressed by perpetrators and victims alike. Marsden writes vividly, sometimes sublimely (there is a river whose "bulbous eddies twist and spin", an old cobbler whose fingers are "long and arthritic and bent sideways like the bristles of an old brush.")

THE CROSSING PLACE: A JOURNEY AMONG THE ARMENIANS
by Philip Marsden
HarperCollins £16.99, 250 pages

If he does not in the end succeed in illuminating either the story or the character of the Armenians, that, I suggest, is because his method stands in the way of his purpose.

For it is a hectic, insistently first-person narrative. There are numberless encounters and endless details of a six-month journey through 20 contiguous countries which leave the reader tired and out of breath. One longs for the author to sit still and reflect; for then his eyes are sharpest, his objects clearest and his writing at its least self-conscious. Marsden is a writer who could be in the Leigh Fermor mould were he to play to his literary rather than reportorial strengths.

As things are, every character and incident gets equal treatment and a breakneck story peters out inconclusively with sporadic gunfire at night on a hillside above the Armenian-Iranian border. The result is a travel book, or a book about a research trip, but never quite what one had hoped for: a portrait of an extraordinary race.

On the boat to Cyprus early in his journey, Marsden met a Jewish antique-dealer who asked him what he was doing. "I'm on my way to Armenia". "Armenia? What are you going to find there?" "I have no idea". Unfortunately, Marsden spoke more truly than he knew.

Christian Tyler

هكذا من الأصل

Identity crisis in the Euro-movies

***Nigel Andrews** explains why it is becoming more and more difficult to tell European and Hollywood films apart*

History had been made. The world's future was open for business. But the American with the punchdrunk tie and eyes bright with sleep-deprivation leaned into the microphone for one parting shot. "You cannot sustain a functioning democracy," he rasped, "and control what people see, what they view, and what they hear. We will fight that forever!"

Swell of music. Track out from press-conference table. Roll end credits.

If not in pre-production already, *Gatt The Movie* surely soon will be: with Dustin Hoffman as Mickey Kantor and Sir Peter Ustinov as Sir Leon Brittan. The world loves movies about the movie business, and the final stages of the Uruguay Round turned out to be nothing *but* movies. "Audio-visuals" was the swank term in the near-interminable squabble about whether Europe should drop its protectionist stance towards its film/TV industry or America bow to the exceptional status of "culture" in trade negotiations.

Years ago – let us flashback to the formative prehistory of this debate – culture and European cinema really did seem homonymous terms. We who grew up through the 1950s and '60s remember the rituals. On with the school scarves. Out with the bikes. Off to the local arthouse – every town had one – for the latest Bergman, Fellini or Godard.

There on screen, in glorious monochrome, medieval knights and tortured artists and existential French prostitutes scrimmaged about among the great questions of life and death. This was cinema as secular sacrament. Even our eyes mimicked genuflection by flicking down, every three nanoseconds, to the English subtitles.

Europe back then was art, Hollywood was entertainment. There was no enmity between the two kingdoms because each offered a different dispensation. But since then a growing crisis of identity and confidence has hit continental cinema. It was discernible long before Gatt Round 7, in the emergence of a perverse quasi-colonial rapprochement of style between EC and US cinema.

Put simply: for the last ten years we have had a hard time telling European and Hollywood films apart. All those clonable Euro-movies snapped up for US remakes like *The Vanishing* and *Three Men And A Baby*. All those glossy, Tinseltown-influenced directors like Jean-Jacques (*Diva*) Beineix, Luc (*Nikita*) Besson and Pedro (*Women On The Verge Of A Nervous Breakdown*) Almodovar.

Worse still, it is hard to think of any indisputably great film-maker at work on the continent today. Giants with fiercely individual visions born out of individual cultures – the ultra-Italian Fellini (carnivals, high living), the hyperbolically Swedish Bergman (suicide, religion, rocky islands) – seem extinct, leaving the landmass to talented, variable mortals who move like travelling salesmen from country to country, co-production to co-production.

Even the most respected and individualistic directors today are condemned to this itinerant way of life. Poland's Krzystof Kieslowski made his last two feature films in France; Frenchman Bertrand Tavernier's last film was a bilingual Franglais production starring Dirk Bogarde; and Italy's Bernardo Bertolucci (*The Last Emperor*) and Germany's Wim Wenders (*Wings Of Desire*) shoot all over the world from Morocco to China, New York to New Guinea. Wenders, who occasionally doubles back to Berlin to make movies about those stateless beings called angels, is fully aware of this new nomadic movie Europe – and of the scant room it has for a cinema of national flag-waving.

"These individual cultures," he told me, "these film 'nations' as they once were, must face the fact that they can only preserve some of their identity, their national feeling, if they subordinate it under the banner of Europe. I don't think we can much longer pretend you're making a 'German' or 'French' or 'Italian' film. Those notions will have to be given up. We're going to have to believe in a 'European' cinema, where local stories can be told under a common roof."

Even if not suffering a multiple identity crisis, Europe is experiencing a painful rite of passage. So can the soothsayers of EC culture be right in suggesting that if we took Hollywood out of the equation, French, German, Italian film-makers and the rest would bounce straight back to peak health?

After all US directors frequently remake films conceived in Europe, but the Europeans never remake US productions. Still, they might if they had the money.

The anti-Hollywoodites pick out the following notifiable evils. They (Hollywood) make films that are high on hardware, low on human insight. And their movies are like a factory product: fashioned according to public demand by a multiple workforce, including teams of screenwriters, umpteen producers and even the sneak preview audiences whose scorecards can send a film back for last-minute fine-tuning. But why, if Hollywood is so philistine/unfeeling/mechanistic in its approach to cinema does it keep being attracted to European films?

"Because we are the opposite!" says Jaques Fansten, the French director whose sentimental hit, *Cross My Heart*, was snapped up by Stephen Spielberg. "American film-makers say, You're lucky in Europe because you can still make films that are personal! In Hollywood they have 20, 30, 50 people who have a say in how the film is made."

But could the two industries live together? That must be difficult so long as Europe buys half of all American production and America buys some 1 per cent of films and TV shows from the EC...

Despite claims that American distributors exercise excessive market power, this imbalance also reflects European moviegoing taste.

The other big worry is about cultural imperialism. France's best-known director, Bertrand Tavernier says: "It is a terrifying danger. America can impose on Europe a whole way of making movies. On public TV in France, practically one-third of programmes are in English."

That, surely, is the fault less of Hollywood than of the destabilising effect of the break-up of individual European cultures under the impact of EC "unity". But show a Frenchman a glimmer of transatlantic input and he suspects conspiracy.

"America takes film seriously," says Tavernier, "not just because it is a big industry, but because it sells a way of life. They know cinema is a vehicle for ideas, and they want to sell those ideas over the world. The Americans take cinema, and the propaganda power of images, very seriously."

So we are back to Coca-Cola and McDonalds. But even if Europe dislikes this Goliath, and his tendency to wield soft drinks monopolies in one hand, spiked club in the other, what in a free world can our Continental David do?

"We must have strict rules! But after all this is the lesson of American cinema. When you see all those Westerns, when you see films like *Man Without A Star*, where you have fights between the homesteaders and the big cattle baron, they always want to put up barbed wire to protect their 'culture.' And the cattle baron says, 'This is a free country, my cattle can go wherever they want, especially across your land to get to the river.' And the people say, 'Build a road!' But he won't build a road. So the people bring in Kirk Douglas to fight the cattle baron. That is what we need in Europe. We need Kirk Douglas (passionate Tavernier chuckle) to help us!"

And the world needs Hollywood to start marshalling its arguments in a propaganda war that Europe is fast turning in its own favour, questioning and re-defining terms like "free market" and "protectionism" as it does so. Is there a cattle baron in the house?

RIP: Is European cinema a dying breed? Salvatore Cascio in Giuseppe Tornatore's 'Cinema Paradiso'

Comedy turns Establishment

It has been a funny year. In the old days anyone who forced you into a corner and then went on and on about nose hair, the problem with Lycra underpants, and their traumas with contact lenses, would have been locked away. Now they are given their own television show.

The era of "alternative" comedy is over: monologues about the horrors of modern living, and stream of consciousness outpourings on flared trousers, have captured the mainstream: this brand of humour no longer needs a qualifying adjective. With the new breed of comedians sweeping the awards at last weekend's televised comedy prize giving while Newman and Baddiel were almost filling Wembley Arena; with Paul Merton playing the Palladium for two weeks in the spring and Ben Elton currently available in movie, book, video, theatre and TV, this particular comic bandwagon is on a seemingly unstoppable high. The nation is desperate for a laugh.

The man with prime responsibility for this shift in popular taste is Don Ward. In 1979 he converted a room above a strip club in Soho's Dean Street into a comedy club. It was a popular idea in the US, but new to the UK. The club flourished, and moved to Leicester Square. On Monday the Comedy Store moved again, into expanded premises around the corner in Oxendon Street. As Paul Merton said at the opening cabaret, "Comedy Store 3: This Time Its Serious".

In the 14 years virtually every big-name comedian has received their break at the Comedy Store. Ben Elton, Alexei Sayle, French and Saunders, Rick Mayall, Sean Hughes, Julian Cleary: the list is endless. Many appeared in public for the first time at one of the open spots on Thursday night when three strangers get the chance to die for five minutes. If they survive they might get a paid booking a month or so later when they have worked up a longer set. After that a TV show, perhaps after winning the Perrier Comedy Award at the Edinburgh Fringe, is a formality.

Many of the most successful graduates turned up last Monday at the Comedy Store to usher in the new era. It is pointless to deny that comedians, like beauty queens, are hit and miss affairs. The funniest people, like the prettiest girls, prefer to blush unseen: egomaniacs with a propensity towards manic depression are the first to leap on to the stage. It is extraordinary how gauche and uncomfortable even seasoned comics can be when put on the spot of entertaining a capricious audience. "I've not done a solo spot for 15 months", said Nick Revell, before wriggling prematurely from the stage on Monday. Simon Fanshawe failed to win over the audience and left even quicker.

But despite the sad ones, who *somehow, in this uncritical* business, achieve premier league status, the first show in the new Comedy Store was a jolly occasion. Sight lines are better; the 400 seats give a sense of space with no loss of intimacy; the location is ideal: Don Ward expects to be there for 25 years, in which time he could have satellite Comedy Stores around the country, perhaps on the continent. Ward, watching his protégés make millions, is belatedly attempting to cash in. And the successful comedians still return regularly to the Store to try out new material in return for a modest share of the gate.

The heroes on Monday were the three comperes – Jo Brand ("no chocolate in it, no point: that's what I say"); Julian Clary ("Man About the Heath"); and Arthur Smith, who jollied things along by wearing a Lycra Superman outfit with fitted accessories. Among the stars were Eddie Izzard, who for ten minutes made washing powders seem the funniest thing on earth; John Hegley, with a poetic pean in favour of spectacles; Hattie Hayridge, who, along with Jo Brand, has confirmed the wit in women; Jack Dee, with well received new material, and Paul Merton, with equally acclaimed old material. Merton had polished up the policeman sketch which marked his Comedy Store debut around a decade ago.

These comedians are now the Establishment, roaring into their 30s, and, through the expansion of media into videos and niche publishing, making money faster than old Tarbie or Brucie could ever have imagined. What we need now to keep them on their toes is a new generation of comedians with the ability to lift their material above personal idiosyncracies to embrace a broader imaginative world. They might even consider reviving that almost forgotten art form, the well rounded joke.

Antony Thorncroft

Alastair Muir

Funny turns: Eddie Izzard at the newer, bigger Comedy Store

Off the Wall/Antony Thorncroft

Arts Council saves face with a stroke of genius

Have they got away with it? Will the men who masterminded the biggest debacle in the famously accident prone Arts Council survive in their jobs? It looks like it. On Wednesday the Council ignored the evidence of Sir Leonard Hoffmann's committee into the funding of the London orchestras; disregarded the advice of its own music department, and decided that all four orchestras should receive support in 1994-95 miraculously close to their grants in the current year. The Council's long cherished dream of two super orchestras in London matching in quality the best of Vienna and Berlin goes on ice – at least for another few years.

But the solution was a stroke of genius. An absence of victims made it a non-story for the blood-seeking media, and the orchestras were so relieved that, with the exception of the hard done by Philharmonia, they turned into pussycats. Months of turmoil and heartache, of indecision and double dealing, to say nothing of defence costs of at least £100,000 accumulated by the three orchestras in the firing line, have come to nothing. At least Anthony Everitt, secretary general of the Arts Council, had the grace to say that the orchestras might receive compensation for their trouble.

Lord Palumbo, chairman of *the Council*, could be indicted for pushing the super orchestra idea beyond the call of duty; Anthony Everitt, for pretending to be the innocent messenger between the Council and the music panel; Ken Baird, head of music at the Council, for allowing his recommendation that money should be switched from the LPO to the Philharmonia to be over-ruled by the Council; and Bryan Magee, head of the music panel, for allowing his colleagues to break ranks, resign, leak to the press, and generally behave like musicians.

There is one other man who must be lighting candles this weekend: Nicholas Snowman, director of the South Bank Centre, who was languidly ticked off by Sir Leonard for pushing too hard for the LPO, the resident orchestra at the Centre, in his evidence to the Committee. It could be that Hoffmann came out, marginally, in favour of funding the Philharmonia at the expense of the LPO because of such pressure. If the Arts Council had gone with the Philharmonia, as it was morally bound to do, Snowman would have been in an impossible position, with an under-funded resident orchestra with a locked in five year contract, and the prospect of coming to terms with the Philharmonia, with which it has strained relations.

One thing has been gained: an excellent report by Sir Leonard Hoffmann into the London music scene, which is available, gratis, from the Arts Council, to anyone interested. The report contains some depressing details. The LPO, the Philharmonia and the Royal Philharmonic all have worrying deficits; the South Bank, the main London showcase for all three, is suffering from a serious decline in its audience for orchestral music, from an average paid attendance of 81 per cent in 1970-71 to 50 per cent in 1992-93. Any dispassionate observer might say there are too many orchestras in London; perhaps the Arts Council should look into the matter.

Lack of victims made it a non-story for the blood-seeking media and the orchestras turned into pussycats

But, despite the ironies, the final messy compromise is probably the least damaging. Everyone knows that, most nights, there is nothing to choose between the playing quality of the four orchestras (adding in the LSO at the Barbican). Subsidy is a small and declining part of their income. Let the market place decide their future. This weekend the RPO can celebrate the prospect of £500,000 in sponsorship support from Classic FM; the Philharmonia, the public acknowledgement that, along with the LSO, it is perhaps London's premier orchestra; and the LPO its confirmation as resident at the South Bank, with funding intact. The Arts Council hardly deserves such a happy result.

★

There was little merriment at the antique dealers' parties this week. Flamboyant gallery owner Roy Miles for once summed up the general mood: "we are entering the final death throes of the London art market". Yet the cause of this gloom, the imposition, at last, of VAT on works of art imported into the UK from non-EC countries, had been hailed by the other half of the market, the auctioneers, as a minor triumph. "The net effect of these new proposals is minimal" oozed Christie's. "We are pleased the present uncertainty has ended", adds Sotheby's.

On the surface the imposition of VAT at 2½ per cent is scarcely lethal. Christie's was quick to produce a table which showed that an imported item from Australia, say, or the US, which sold for £100,000 in the auction room, would now cost the buyer £770 more. The levelling of VAT on the gross price produces an extra cost just marginally higher than the previous payment, which included 17.5 per cent levied on the buyer's premium: the final price would be £114,287 as against £113,512. A non-EC buyer who then exports the antique outside the EC would actually pay less since he could get a VAT refund.

The auction houses says the dealers are crying wolf. They have been given a valuable lollipop in an extension from six months to two years in the imposition of the tax. If a gallery importing, say, a painting from New York sells it to a collector outside the EC within two years there is no VAT. The big dealers have galleries in the US so if they are unable to find a buyer within two years the picture can be exported to the sister gallery with no tax burden.

Of course the real worry is that after five years the VAT will be raised to 5 per cent or more. This is the genuine concern of the dealers. The government has it in its power, at minimal cost, to make things easier for them. They have to accept an EC imposed import tax for the first time, but they still pay 17½ per cent VAT on works of art painted since 1973 while dealers in EC countries pay around 5 per cent. Reducing VAT to the EC level would give a great fillip to contemporary art and provide the dealers with hope for the future.

★

The UK's oldest public picture gallery, at Dulwich, has secured its future by getting an amiable divorce from its previous Trustees, the governors of Dulwich College and Alley's School, and gaining an impressive new board, headed by Lord Sainsbury of Preston Candover and including the generous, and rich, Mrs Vivien Duffield and Christopher Brown, chief curator of the National Gallery.

The new board is seeking an endowment of £5m-£8m. This will ensure that the Gallery no longer suffers from a persistent annual shortfall in revenue of around £200,000. It will also enable it to open at lunch time, improve the lighting, promote itself, and, eventually, build on a café, and space for temporary exhibitions.

Requiem for Wildlife

Thursday's Royal Festival Hall Verdi Requiem was given by the Philharmonia Orchestra and Chorus for the benefit of the World Wildlife Fund. The conductor, Lorin Maazel, had both donated his fee and written an eloquent preface to the programme. This worthwhile pursuit should be saluted; what a pity it was not possible also to salute the behaviour of the frequently restless, chatty, cough-rackety "gala audience" – nor, in truth, the quality of the Verdi performance itself: the gap between noble aim and trivial execution yawned wide.

As so often in the past, when he has conducted this work (and others of similarly large scale) in London, it was hard to avoid constant focus on the extraordinary superficiality of Maazel's music-making. He is, after all, a paid-up member of the world's conducting elite; his facility of technique, speed of musical absorption and general breadth of command remain the stuff of legend.

So the externalised, showpiece effects drawn out of the score – absurdly self-conscious extremes of dynamic, vulgar underlinings of brass-and-drum drama, lashings of "feeling" applied to the passages of quiet sentiment and heartfelt pleading – stuck out altogether more than they might in a reading by a conductor with less directorial *savoir-faire*. There were a few blips of ensemble between the offstage brass and the main orchestra; for the rest, and with the above reservations firmly in mind, the playing and choral singing were representative of the Philharmonia's celebrated Verdi Requiem best.

There was an odd, mismatched team of soloists – odder even than originally planned, since Claire Powell, the lightweight but very musical mezzo, came in as a last-minute replacement. The lowest voice belonged to Glyndebourne's mighty *Porgy and Bess* Crown, Gregg Baker, and sounded here secure but resolutely unidiomatic. The young Frenchman Roberto Alagna, hotly tipped as the world's "next" tenor star, will surely wanted to forget this occasion, and the amount of erratic, out-of-tune delivery he contributed thereto, as soon as possible.

It was left to Nina Rautio – a Russian *soprano spinto* of grandly impassioned authority, rich-grained in tone, only occasionally uncomfortable in changes of gear – to convey an authentic sense of Verdian style and content otherwise very largely obliterated.

Max Loppert

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ARTS

Simply mad Macbeth

***Malcolm Rutherford** reviews the new RSC production*

Very broadly speaking, there are two ways of playing Macbeth the man. One is that he is too full of the milk of human kindness to be a natural villain. He is egged on to dreadful deeds by his ambitious wife. In the end he is "in blood stepped so far that, should I wade no more, returning were as tedious as go o'er." Thus in the final scenes he fights bravely, rather like Richard III.

The other is that he is a calculating, ruthless fellow in the first place and Lady Macbeth is none-too-relevant to his motivations. There is, of course, a considerable overlap between the two approaches, the main interest being to which side the actor leans.

In the new production by The Royal Shakespeare Company, Derek Jacobi adds a third possibility: namely that Macbeth is simply mad. Not mad in the conventional criminal sense of being a regicide and more, but psychologically, certifiably insane. If this Macbeth came up in court, a competent defence counsel might plead that he acted while the balance of mind was disturbed, and a liberal judge might let him off with a caution.

There is some – not much, but some – evidence in the text for this novel interpretation. For example, Macbeth sees a dagger before his eyes which plainly is not there. He sees the ghost of Banquo, invisible to everyone else. He believes in witches. And here comes the clinching line. When the forces of good are closing in on Dunsinane, the Scottish nobleman, Caithness (not one of Shakespeare's most fleshed-out characters), comments on Macbeth: "Some say he's mad; others, that lesser hate him, do call it valiant fury".

Adrian Noble, the director, has gone for the "some say he's mad" view. This is a fatal mistake, just as it is always dangerous to try to impose a single, minority interpretation on a Shakespeare play. All the rest of the evidence is in favour of valiant fury. The only excuse is that Jacobi is very good at playing madmen.

There are other weaknesses, stemming from a similar genuflexion to academic theories. A literary critic, Terry Eagleton, has written that "it is surely clear that positive value in *Macbeth* lies with the three witches. The witches are the heroines of the piece". Noble has plainly read him. The witches in this production occupy a huge amount of time. They speak very slowly and are exceedingly boring.

The slowness is catching. It is quite a feat to make the shortest of Shakespeare's major plays last for just over three hours. When Jacobi speaks the famous "tomorrow" line, it almost seems that the second tomorrow will never come, let alone the third.

Some other comments. This is the second botched production of *Macbeth* in London in the last year or so. Richard Eyre fell down at the Royal National Theatre by casting a young Lady Macbeth who was not up the part. She was meant to be the sex kitten behind Macbeth's ambition.

Cheryl Campbell's Lady Macbeth at the Barbican is altogether more mature. If it were not for the rest of the production, one would say that her performance is outstanding. Yet if her husband is as mad as she becomes, the balance is distorted. At times – at the banquet scene, for instance – she seems the only sane person in the play.

Both Eyre and Noble seem to have a distaste for Scotland. Is it necessary to present the place as being so full of Stygian, Knoxian gloom? If you can have glamorous parties in Elsinore, after the death of another king, surely you can be allowed to live it up a bit north of the Tweed? The most that is offered here is a dreary Scottish reel, performed in semi-darkness. And the message is that the Scots, unlike the Danes, do not know how to dress. If you can make a character out of Osric in *Hamlet*, it must be possible to differentiate between the Scottish lords, Lennox, Ross, Menteith, Angus and Caithness.

Denys Hawthorne's Duncan, clad in a long blue woolly sweater with a nightshirt underneath, and flowing flaxen hair, adds nothing to the play, though there is a very good Macduff played by Michael Sibbery.

Noble's previous Shakespeare productions for the RSC have been comprehensively excellent. This is a lapse from which he will recover: even Newcastle United can't win every week. The result of the Noble/Eyre contest on *Macbeth* is a goalless draw: replay soon.

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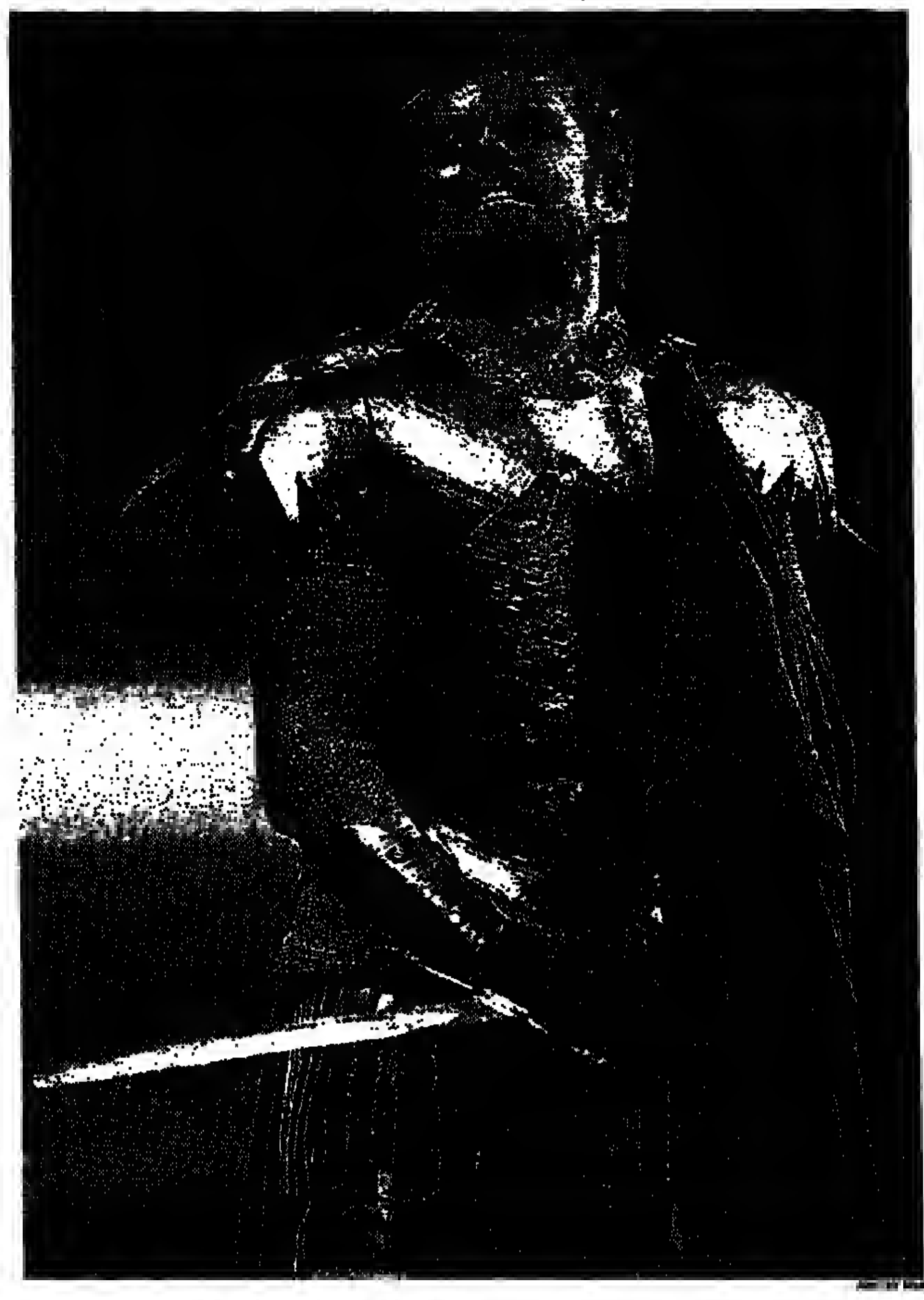

Good at playing madmen: Derek Jacobi in the title role

Where have all the classics gone?

*Personalities or minimalism is what the CD buying public seems to want, says **Richard Fairman***

There will be fewer classical CDs among the presents around the Christmas tree this year. Figures for sales of recorded music included in the PSI's yearly Cultural Trends, published last week, show trade deliveries of classical albums have dropped a quarter since 1990 and their market share down to 9.2 per cent after two years over 10 per cent. Although the statistics may look discouraging, there is no surprise here. The success of the World Cup gala with the "three tenors" – Carreras, Domingo and Pavarotti – was a one-off.

What is more interesting is a cultural trend that no statistics can measure. The public's taste in classical music has changed dramatically in a way that has implications for the whole industry in the future. To see how, we need only ask the ghost of Christmas past.

Look at the best-seller lists for the winter of 1973. Karajan had recently recorded two opera sets, Puccini's *La Bohème* and Lehár's *The Merry Widow*. Both were old favourites aimed at the present-giving season and record shops as far afield as Glasgow, Leeds, Manchester and London reported brisk sales. Other records to feature were Previn conducting Rachmaninov's Second Symphony and a complete set of Beethoven's Piano Concertos played by Ashkenazy. All good, solid classics.

Now jump ahead 20 years. The profile of what we are buying has changed beyond recognition. A recent best-sellers list from the HMV record shop includes all manner of hits. For a start, there are two discs by Cecilia Bartoli, the young and extremely attractive mezzo, and another by Ute Lemper, who is only a little way behind in both categories. As it is unlikely that the public has suddenly formed a craving for *arie antiche* or the songs of Kurt Weill, one can safely conclude that the personalities are the attraction. It cannot be a coincidence that both ladies are familiar from television. After tasting success with classical artists such as Pavarotti and Nigel Kennedy, the cannibalistic mass media are on the look-out for new bodies on which to feed.

This year, however, has been dominated by quite another phenomenon – the music of Górecki, Pärt, Tavener, Nyman and Glass, representing minimalism of every hue. There is no doubt in my mind that this is a passing fad. But where has it come from? The mere fact that the classical record industry can be thrown this way and that by passing fashions like its pop counterpart is in itself a new phenomenon.

Classical recording companies are being thrown this was and that by passing fashions like their pop counterparts

There are people who have not grown up with classical music, but want to investigate what it might have to offer. Reared on the short attention-span which is all that is expected by other forms of entertainment today, they buy discs of compilations ("Essential Opera" or "Concerto Sampler") and are attracted by sound-bites on the radio to music that demands no concentration. Górecki may be pleading for political tolerance, Tavener and Pärt may be searching for religious truth, but that is not why they have become popular. Their music is easy to absorb. It is culture on a sugar-lump.

Without the boom in sales during the 1980s caused by the advent of the compact disc, the choice of music available on recordings would never have advanced this far. Suddenly record companies could afford to be adventurous. When Virgin recorded Tavener's *The Protecting Veil*, nobody could have predicted its mass appeal. When Elektra-Nonesuch unearthed Górecki's Third Symphony, it was a shot in the dark. Górecki was unknown then. It was marketing – especially the dissemination of the music through radio, including the newly-formed Classic FM – that did the trick.

This broadening of the repertoire can be seen on all sides. The popularity of early music has long spread beyond the university cities and we think nothing today of finding a set of Venetian Vespers holding its place among the best-sellers. Names such as Paul McCreesh and the Gabrieli Consort, the King's Consort, and Trevor Pinnock are regulars in the classical Top 10.

Who would have thought that there was a large market for 20th-century music? Yet the first-ever recording of Britten's *Gloriana* has done well this year. Decca is also said to be enjoying good sales from its "Entartete Musik" series, devoted to music banned by the Nazis. Even works by James MacMillan, Hugh Wood and Harrison Birtwistle turn up on the lists. No wonder BMG has set up the Catalyst label for young composers and Sony is looking to start one.

But what is missing here? – the very category that was the mainstay of the classical best-sellers lists in 1973, the big-name conductor and orchestra playing the great classics. Record companies are unwilling to discuss in public the profitability or lack of it enjoyed by their major artists, but in private some are ready to admit that they have famous conductors and orchestras on their books that simply do not sell. In the eyes of the public, the giants of music have died out. As a member of the Berlin Philharmonic Orchestra remarked to me recently, "Karajan was the last tyrannosaurus among conductors".

In part, it is their success that the present generation of conductors is having to fight against. If the consumer wants a recording of a Beethoven symphony, he can still have Karajan or Klemperer, Böhm or Jochum on disc and – what is more – at half the price, thanks to the industry's readiness to repackage old recordings at a discount. That is where the big companies are making their profit these days. New recordings of the standard classics are more often than not undertaken in the hope that they will provide similarly profitable re-issues in the future. Sometimes, the enormous cost of hiring today's top conductors and orchestras means that the company knows it will never make a profit on the recording, even before it is finished.

All this must point to ever greater change in the classical consumer's record-buying habits, ever greater flexibility on the part of record companies trying to chase those purchases. The need to anticipate the next passing fad or to light upon the next hit in the right neglected corner of the repertoire will certainly keep company executives on their toes. What will be top of the classical charts in 20 years time? If only they could ask the ghost of Christmas future.

Cows in the landscape

There is something very Dutch about a man who has "Work is pleasure" painted above the drawing-room mirror. Hendrik Willem Mesdag (1856-1927) devoted his life to painting and promoting modern art. His lasting memorial is the Mesdag Museum in The Hague, the first museum of modern art in the Netherlands. Mesdag built it beside his house in 1887 as a place where future generations would find art which was uninhibited by the dead hand of the academy, a fresh, passionate, celebration of the truth of Nature. *Treasures of the Mesdag Collection*, now at the National Gallery of Scotland, introduces the museum to a wider public.

The exhibition well reflects the strong and particular character of the Mesdag Museum and its maker. Mesdag started work with the family bank,but at 35 he resolved to give up business for ever. He was set on becoming a painter, like his wife Sien van Houten and many of their circle. Four years later, a stormy sea of his won a Gold Medal at the Paris Salon and Mesdag was launched as the leading Dutch marine artist.

He moved to the Hague to be close to the coast at Scheveningen, where he loved to paint the horses pulling up the fishermen's boats. When it was decided to level the dunes to make a resort, the Mesdags were aghast. They and their artist friends painted the Panorama Mesdag, a 130 metre view of the coast on the kind of grey, choppy day the Hague School liked best. This quaint relic of nascent environmentalism can still be visited, although few people do. The sketch for it is in the exhibition.

Treasures from the Mesdag does not look well in the Edinburgh gallery – the ceilings are too low and the wall colour is all wrong. However, it makes perfect sense that in the adjoining room hang the gallery's Daubignys, and the little Daumier "Portrait of the Artist", and of course the Van Goghs. What we see from the Mesdag is, after all, canvasses by many of Van Gogh's heroes.

As in the Mesdag Collection itself, half the paintings are French 19th century; Delacroix, Courbet, Daumier ("Neighbours Talking", quite the best thing), Jules Breton, Millet, two late Corots, and large and boring landscapes by the Barbizon painters. Perhaps the smallest picture is the most striking – a Delacroix oil sketch, "The Evening of the Battle", a dark and ghastly vision: a lone soldier is the sole living thing of the darkening plain, gazing out helplessly from between the bloating corpses of two cavalry horses.

From the Mesdag Collection, detail of 'The Calves' by Willem Maris.

The rest of the paintings are by leading masters of the Hague School; Jacob, Matthijs and Willem Maris, Jozef Israels, Bosboom, Anton Mauve. One has to remember that at this period these artists were immensely sought after by English collectors. Mesdag's heroes were tremendously admired in progressive, painterly circles in the Netherlands and Britain. Dutch art-lovers expressed their concern at the flood of canvasses leaving the country; Mesdag was saving the modernist patrimony.

Clear to see is the great affinity between the Dutch and French painters whom Mesdag admired. In many cases these artists knew each other. Moreover, they shared a tremendous respect for the Dutch 17th century masters, particularly Rembrandt and the landscape painters. The Hague School's subjects are quintessentially Dutch in their predilection for cows, seascapes, church interiors, genre scenes such as the feebly comical "Knitting Lesson" by Gerke Henkes, bonneted children, and portraits of large and faintly greasy kitchen girls. Seeing the Mesdag in miniature I found a far from uplifting experience.

It will be several years before the Mesdag Museum reopens. The government has bought the painter's house and it and the museum are now being restored to their *circa* 1900 appearance.

Patricia Morison

Treasures of the Mesdag Collection is at the National Gallery of Scotland until February 7 then at the Walker Art Gallery, Liverpool, until April 10. It is a National Touring Exhibition organised by the South Bank Centre and sponsored by BT.

Jansons sparkles with the LPO

Within a couple of hours of the Arts Council making its final proclamation on the funding for London's orchestras, the London Philharmonic was taking its place on the platform at the Royal Festival Hall. The orchestra must have felt like bringing forward its end-of-season performance of Mahler's *Resurrection* Symphony.

In fact, the concert was a modest occasion. Mariss Jansons, since last autumn Principal Guest Conductor, was in charge of a standard classical programme, comprising overture, concerto and symphony (almost a rarity these days). From this concert it would seem that the orchestra has decided to let him roam further afield than before. Jansons has become so highly regarded for his interpretation of Russian and Scandinavian music that he has rarely been allowed to conduct anything else by the London orchestras. Every concert has featured music from within a few hours' train or boat ride of his native Latvia; Schubert and Mozart must seem to entail a long journey.

Any fear that he would lose his customary ebullience on the way was quickly set aside. Schubert's *Overture in the Italian style* sparkled with brilliance. Even in Beethoven's Third Piano Concerto it was the conductor and orchestra who were the focus of attention, rather than the soloist Mikhail Rudy, who sat amid playing of dramatic fire without the heat seeming to touch him. The high quality of his musicianship was only partial compensation.

The Mozart was Symphony No 41, brilliant again in the Jansons manner, while staying within accepted notions of classical style. The conductor's spruce handling of orchestral ensemble worked well in this symphony. Under Jansons a crochet or quaver is just that, never longer, often trimmed slightly short. When no note is allowed to overlap with another, the effect is of sharpness and clarity, and every part in Mozart's complex finale was easy to hear.

In retrospect, it is difficult to imagine how the Arts Council could have justified starving one or two of London's orchestras of funds. When the LPO is playing as well as it did for Jansons, it is within reach of the international standard the bureaucrats crave. Then there is the Philharmonia, forging exciting artistic alliances, staking a prime place for itself on the international stage in Paris and Salzburg. Each has made – and won – its case.

Richard Fairman

Sponsored by Audi

Radio/B.A. Young

History Now and Then was four discussions by academics on Radio 3, from Monday to Thursday, on the influence of current beliefs on our approach to history. "Now" was not much after the industrial revolution; one piece was on the Civil War, but with no part for Ian Richardson. Roy Porter chaired.

Monday was *People's History*, below the kings and battles we all know. A York excavation told about the food, clothes and health, even pets, of 10th-century folk, not in the history-books. But little about God. In the late 18th century the people drifted from the Church of England to Dissent; but what we now have is just "cultural anthropology", inadequate on, say, sex. The panel spoke well of E.P.Thompson's *History of the English Working Class* and called for a history "in depth".

Tuesday was gender (not sex). Eighteenth-century history is full of Great Men; women were generally victims or rebels. Good points on political influence in country houses, and things like tailoring – a man must have English-style kit to distinguish him from foreigners, while women could wear French clothes without reproach. A complete history must include all such things.

Wednesday was school-book history, the Industrial Revolution – not such a revolution to historians as we had in the last 30 years. The data, as always, have a male bias; little is told of the changes for women and children, many of whom went to work. The standard of living from 1750-1850 was constant; height and nutrition were maintained; only later did they fall. Welfare depended on where one lived; workers in textile industries, for example, lost out to new items like the Spinning Jenny.

The Civil War on Thursday dealt 100 years further back. Fascinating to know of the crowd playing football with an executed head at Dorchester; to hear of the division between Anglicans and the Church of England; but what concerned the crowds besides playing football with dead heads? Was Charles II often discussed in the Roundhead kitchens?

Ray Gosling's is a lowbrow academic able to take some everyday thing and make it interesting. *Gosling on the High Street* (Radio 4, Wednesdays) picks a familiar household name and examines its familiarity. Last week we had Frank Hornby, whose Hornby Trains covered every sitting-room carpet not able to afford a Bassett-Lowke. This week, Joseph Rowntree, whose sweets have spread from York around the world.

He was more interesting than Hornby, a mere engineer while Rowntree was a philanthropist. He worked with drunks in York and wrote a book on social reform that sold 90,000 copies. He founded three Trusts – for Quakers, social problems, and a model village where every villager got a garden with two fruit-trees. The sweet business was taken over by Nestle's, but Terry's name survives, is indeed his one memorial. "He would hate a statue," grandson Richard Rowntree believes. Next week, travel-king Thomas Cook, also a philanthropist, though not as keen as his rival Frame, who would make customers sign a no-drink pledge when they booked their excursion tickets. Cook thought the drunks themselves would be enough warning against drink.

Chess No 1,000

1 Bg5? Qxg2+1 and White resigned. 1 Bf4! Resigns since 2 Rac1 and b4 will win a piece.

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TELEVISION

SATURDAY

BBC1

.00 Lassie. 7.25 News. 7.30 Mythical Magical Creatures. 7.40 Felix the Cat. 7.55 Peter Pan and the Pirates. 8.20 Marlene Marlowe Investigates. .40 Tom and Jerry's Greatest Hits. 9.00 Live and Kicking.

12.12 Weather.
12.15 Grandstand. Introduced by Dougie Donnelly. Including 12.20 Football Focus: A look forward to key FA Premiership matches. 12.45 Racing from Ascot: The 12.50 Knights Royal Hurdle. 1.00 News. 1.05 Skiing: The men's downhill from Val Gardena, Italy. 1.15 Racing: The 1.20 Long Walk Hurdle. 1.30 Golf: Highlights of the World Championship from Jamaica. 1.50 Racing: The 1.55 Betterware Cup Handicap Chase. 2.05 Showjumping: The Grand Prix from Olympia. 2.55 Rugby League: Fourth-round Regal Trophy action. 3.45 Football Half-Times. 3.55 Rugby League. 4.35 Final Score. Times may vary.
5.15 News.
5.25 Regional News and Sport.
5.30 Dad's Army.
6.30 Big Break. Snooker players Cliff Wilson, Darren Morgan and Paul Davies team up with contestants.
7.00 Noel's House Party. Chaos from Crinkley Bottom as javelin thrower Steve Backley wins a Gotcha, and Noel Edmonds invites Formula One racing driver Martin Brundle to Grab a Grand.
8.00 Casualty. A chef's temper frays to breaking point when the restaurant manager flirts with his girlfriend - a sure-fire recipe for disaster resulting in an unscheduled trip to casualty. A housewife admits she is tired of looking after her senile father but cannot afford to put him in a home, and an allergic reaction to a bee sting plunges a man into a life-or-death situation - can paramedic Josh ensure his survival?
8.50 News and Sport; Weather.
9.10 Film: Planes, Trains and Automobiles. Steve Martin and John Candy star in John Hughes' comedy charting the misadventures of two unlikely travelling companions making their way across America (1987).
10.40 Match of the Day. Desmond Lynam introduces highlights from two of the day's top FA Premiership matches, with full news of all other games.
11.40 Golf: The Johnnie Walker World Championship. Coverage of the third round from Jamaica, as Nick Faldo defends his title against 27 of the world's top players.
1.10 Weather.
1.15 Close.

BBC2

7.00 Film: Boom in the Moon. 8.10 Film: The Damned Don't Cry. 9.55 Away in a Manger. 10.25 Film: Look for the Silver Lining. 12.05 pm Michael Barry's Choice Cuts.

12.15 Film: Young at Heart. Frank Sinatra romances Doris Day in this well-loved musical about the fortunes of four sisters in love with a young composer (1954).
2.10 Civilisation. Sir Kenneth Clark examines works by Wordsworth, Goethe and Rousseau.
3.00 Film: Solomon and Sheba. Biblical drama, starring Yul Brynner, George Sanders and Gina Lollobrigida (1959).
5.20 Delia Smith's Christmas. Six-part guide to preparing festive dishes.
5.50 Scrutiny.
6.20 News and Sport; Weather.
6.35 The Great Depression. The documentary series concludes with a look at the late 1930s, when American politicians turned their attention to rebuilding the country's battered economy.
7.30 Have I Got News for You.
8.00 Arena Radio Night. Introduction to tonight's unique experiment in which TV and radio interact. Simultaneous broadcast with R4.
8.10 The Seven Ages of Radio. Actor Ian McKellen compares the history of broadcasting with the famous 'seven ages of man' speech from Shakespeare's As You Like It.
8.20 TV Talk, Radio Rabbit.
8.50 Seven Ages: The Schoolboy.
9.00 Alistair Cooke: Behind the Microphone. Alistair Cooke discusses Letter from America, the longest-running programme in radio history.
9.05 Back to Square One.
9.25 Seven Ages: The Lover.
9.35 Sunday Dinner. Nostalgic look at traditional family Sundays of the 1950s and 1960s.
9.50 Seven Ages: The Soldier.
10.00 Pirates.
10.15 Seven Ages: The Judge.
10.25 TV Theft, Radio Rip-Off. The growing trend of radio programmes being re-vamped on TV.
10.55 Seven Ages: The Old Man.
11.00 The Spot FX Man.
11.20 Seven Ages: Senility.
11.30 It's Life, Jim.
11.50 The Time Signal.
12.00 The Two Voyages of Donald Crowhurst.
12.33 The Shipping Forecast.
12.40 Film: The Next Voice You Hear. Old-fashioned parable, starring James Whitmore and Nancy Davis (1950).
2.05 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Movies, Games and Videos.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 The Crisis Messiah.
1.15 Film: Parent Trap III. Hayley Mills takes on the dual role of twins competing for the affections of a widower and father of triplets. Disney comedy, also starring Barry Bostwick (TVM 1989); The Crisis Messiah.
2.45 NBA Basketball. The game of the week, and highlights from the rest of the league.
3.45 Michael Jordan - A Legacy of Greatness. The amazing story of the world famous basketball player, from the early days of college basketball to his record-breaking career with the Chicago Bulls; The Crisis Messiah.
4.40 ITN News and Results; Weather.
4.55 London Tonight and Sport; Weather.
5.15 Cartoon Time.
5.30 Catchphrase. Roy Walker hosts the high technology game show.
6.00 Gladiators. Daring contenders from Bournemouth, Stockport, Kent and Norfolk challenge the mighty warriors in the second semi-final.
7.00 Blind Date. Cilla Black pairs off two more romantic hopefuls.
8.00 Murder, She Wrote. Jessica uncovers a web of jealousy, blackmail and greed when a newcomer in town, an heroic ex-serviceman previously suspected of a robbery in Detroit, is accused of murdering his new employer. Angela Lansbury stars as the amateur sleuth, with William Windom, Ron Masak, Louis Herthum and Robert Lansing.
8.50 ITN News; Weather.
9.00 London Weather.
9.05 The Bill. McCann and Jarvis find a man lying unconscious after inhaling a deadly combination of gases.
9.35 Film: The January Man. Kevin Kline stars as a former cop brought out of retirement to track down a serial killer in this comic mystery. With Susan Sarandon and Harvey Keitel (1989).
11.20 The Big Fight - Live. Duke McKenzie v John Davison for the British Featherweight Championship.
12.20 The Champ from the Casbah; The Crisis Messiah.
1.30 The Big E; ITN News Headlines.
2.30 The Restaurant Show.
3.00 European Nine-Ball Pool Masters.
4.00 1992 Grand Sumo Championships.
5.00 BPM.

CHANNEL4

6.00 Early Morning. 9.45 The American Football Big Match. 11.00 Gazzetta Football Italia. 12.00 The Christmas Tree Men. 12.30 pm Safe TV.

1.00 Claymation Christmas Celebration.
1.30 The Lion and the Song.
1.50 A Day at Denham. Film from 1939 taking a behind-the-scenes look at the legendary British movie studio.
2.00 Film: Q Planes. An eccentric Scotland Yard officer investigates when British planes start disappearing during test flights. Comedy thriller, starring Ralph Richardson and Laurence Olivier (1939).
3.35 Songs of Northumbria. Documentary following acclaimed classical singers Sheila Armstrong and Thomas Allen during their recording of a CD featuring Northumbrian songs.
5.05 Brookside.
6.30 Right to Reply: Soaps Special; News Summary.
7.00 War Without End? As winter tightens its icy grip around the people of Bosnia, Jon Snow reviews the last year in the country's war-torn history, and asks if there is any prospect of peace in the future months.
8.00 Four-Mations. A look at the varied and influential work of Geoff Dunbar, ranging from the scandalous Ubu, to family films like Peter Rabbit and Rupert.
9.00 Brides of Christ. The Pope's decision not to revoke his ruling on contraception has dire consequences for Brigid. Final episode of the drama, starring Melissa Thomas.
10.05 True Stories: The Unforgiving. Clive Gordon's disturbing portrait of the horror in Bosnia as Serbian couple Desa and Ilja search for their dead son's grave. Their only clue to its whereabouts is a Moslem prisoner whom they believe murdered the child, but even after interrogating him, the distraught parents are unable to discover where the body is buried.
11.30 Film: Echo Park. Comedy drama centring on the lives of three misfits awaiting their big break in a small Los Angeles suburb. Starring Susan Dey and Tom Hulce (1985).
1.05 Late Licence.
1.10 Herman's Head.
1.40 Late Licence.
1.45 Eurotrash.
2.15 The Word.
3.20 Saturday Zoo.
4.20 Made in the USA.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 1.10 The Littlest Hobo. 1.35 COPS. 2.05 Final Eye. (TVM 1977) 3.45 Knight Rider. 4.55 Anglia News and Sport 6.00 Anglia Weather.

CENTRAL:
12.30 America's Top 10. 1.05 Central News 1.10 Bugs Bunny. 1.20 COPS. 1.45 Movies, Games and Videos. 2.15 Knight Rider. 3.10 The A-Team. 4.00 WCW Worldwide Wrestling. 4.55 Central News 5.00 The Central Match - Goals Extra. 9.00 Local Weather.

CHANNEL:
1.05 Channel Diary. 1.10 Sail the World. 1.40 NBA Basketball. 2.40 The A-Team. 3.40 Cartoon. 3.55 WCW Worldwide Wrestling. 4.55 Channel News. 5.00 Puffin's Pla(i)ce.

GRAMPIAN:
1.05 Grampian Headlines 1.10 Telefios. 1.40 Haggis Agus. 2.10 Caiptean Zed Agus an Zee Zone. 2.35 Tomas Toiteach 'S a Charaidean. 2.45 The A-Team. 3.40 Wrestling. 4.55 Grampian Headlines 5.00 Grampian News Review 6.00 Grampian Weather.

GRANADA:
1.05 Granada News 1.10 Sky West and Crooked. (1965) 3.00 The A-Team. 3.55 Superstars of Wrestling. 4.55 Granada News. 5.00 Bugs Bunny. 9.00 Granada Weather.

HTV:
12.30 No Naked Flames. 1.05 HTV News. 1.10 Sail the World 1.40 Cartoon Time. 1.55 The Lives of Jenny Dolan. (TVM 1975) 3.45 Baywatch. 4.55 HTV News and Sport 9.00 HTV Weather.

HTV Wales as HTV except:
12.30 Movies, Games and Videos.

MERIDIAN:
1.05 Meridian News. 1.10 Sail the World. 1.40 NBA Basketball. 2.40 The A-Team. 3.40 Cartoon. 3.55 WCW Worldwide Wrestling. 4.55 Meridian News.

SCOTTISH:
1.05 Scotland Today. 1.10 Telefios. 1.40 Haggis Agus. 2.10 Caiptean Zed Agus an Zee Zone. 2.40 Starting from Scratch. 3.10 The Sullivans. 3.40 The A-Team. 4.55 Scotland Today 9.00 Scottish Weather.

TYNE TEES:
1.05 Tyne Tees News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 Tommy the Toreador. (1959) 3.55 Baywatch. 4.55 Tyne Tees Saturday

ULSTER:
12.30 Blockbusters. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.15 Movies, Games and Videos. 1.45 Dinosaurs. 2.15 The Legend of Young Dick Turpin. (1965) 4.00 WCW Worldwide Wrestling. 5.00 UTV Live News 5.05 Saturday Sport. 6.00 UTV Live News

WESTCOUNTRY:
1.05 Westcountry Weekend Latest. 1.10 The A-Team. 2.05 Dinosaurs. 2.35 Anybody Out There? 3.05 NBA Basketball. 4.05 WCW Worldwide Wrestling. 4.55 Westcountry Weekend Latest.

YORKSHIRE:
1.05 Calendar News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 Tommy the Toreador. (1959) 3.55 Baywatch. 4.55 Calendar News.

S4C Wales as Channel 4 except:-
7.05 Early Morning. 12.00 The Feast of Christmas. 12.30 The Rape of Tutankhamun. 1.45 It's Great to be Young. (1956) 3.30 Smoky. (1946) 6.30 Cwlwm Serch. 7.00 Newyddion. 7.15 Bacha Hi O'Ma. 8.00 Tocyn Tymor. 9.00 Pris y Farchnad. 10.05 Paul McCartney Live.

SUNDAY

BBC1

.25 The High Chaparral. 8.15 Breakfast with Frost. .15 Christmas is Coming. 10.00 See Hear! 10.30 Sammy Rides Again. 11.00 CountryFile. 11.25 Cartoon.

11.30 Film: The Flying Leathernecks. World War Two adventure, starring John Wayne and Robert Ryan as Marine officers engaged in a bitter personal dispute (1951).
1.10 News.
1.20 Stay Tooned! Animations produced by The National Film Board of Canada.
2.00 EastEnders.
3.00 Film: The Yellow Rolls Royce. Three separate stories about the successive owners of a luxury car. Rex Harrison, Jeanne Moreau and Edmund Purdom star (1964).
4.55 Cartoon.
5.05 The Clothes Show. Fire service employees are on call 24 hours a day, 365 days a year, so by way of a pre-Christmas treat, the team travels to Newcastle-upon-Tyne to stage a fashion extravaganza for the Blue Watch staff of the Tyne and Wear Fire Brigade. Jeff Banks visits the west of Ireland for a gala fashion show featuring the work of designers from north and south.
5.40 The Borrowers. Pod and family only have five days before going on public display, and the window seems their only means of escape.
6.10 News and Weather.
6.25 Songs of Praise.
7.00 Last of the Summer Wine.
7.30 Bernard and the Genie. Wacky comedy about a timid art expert who conjures up a funky genie (Lenny Henry) to exact revenge on his nasty boss (Rowan Atkinson).
8.40 News and Weather.
8.55 Film: Batman. Michael Keaton stars as the caped crusader in this effectively dark adaptation of the DC Comics superhero stories, with an over-the-top Jack Nicholson relishing his role as arch-villain the Joker and Kim Basinger as the ambitious reporter determined to discover the face behind the Batman's mask (1989).
10.50 Legendary Trails. Emma Freud makes an epic journey across the deserts of Arabia to Jerusalem, retracing the route by which the traditional biblical gift of frankincense was transported to the Mediterranean.
11.50 Golf: The Johnnie Walker World Championship. Coverage from Jamaica. Introduced by Steve Rider.
1.20 Weather.
1.25 Close.

BBC2

7.15 Poddington Peas. 7.20 Playdays. 7.40 Wishing. 7.50 Telling Tales. 8.05 Blue Peter. 8.55 Albert the 5th Musketeer. 9.15 Simon and the Witch. 9.35 TimeBusters. 10.05 Grimmy. 10.25 Grange Hill. 10.50 The All-New Popeye Show. 11.15 The Boot Street Band. 11.45 The O Zone. 12.00 Singsay. 12.25 pm Gunsmoke. 1.15 The Phil Silvers Show.

1.40 The Living Soap.
2.00 Around Westminster.
2.30 Wildlife on Two. The complex life of the robin.
3.00 International Showjumping. From the Grand Hall, Olympia.
4.00 Delia Smith's Christmas. Alice King chooses a selection of wines to accompany desserts.
4.30 Ski Sunday. Coverage of the men's downhill from Val Gardena, and the women's downhill from St Anton.
5.10 Rugby Special. Top clubs come together for the fourth round of the Pilkington Cup.
6.10 Red River Tales. The ancient Vietnamese art of water puppetry.
6.25 The Money Programme. Since the Beatles' heyday, British music has set standards around the world. However, a shortage of talent, combined with new technological developments and greater financial and artistic demands from established performers, has led to a decline in profits. Sam Jaffa reports on what can be done to revive the industry's fortunes.
7.00 Film: The Witches. A young boy's seaside holiday turns into a nightmare when he unwittingly stumbles into the middle of a witches' convention. Children's fantasy, starring Anjelica Huston and Rowan Atkinson (1990).
8.30 Moving Pictures Special. An investigation into the rise and fall of Palace Pictures.
9.30 Screen Two: The Trial. An anonymous bank clerk is drawn into a dark world of uncertainty when he is arrested one morning on an unspecified charge by mysterious authorities. Set in pre-1914 Prague, Harold Pinter's adaptation of Franz Kafka's classic novel stars Kyle McLachlan, Sir Anthony Hopkins, Jason Robards, Juliet Stevenson and Alfred Molina.
11.30 Feelings. Short films in which disabled people use drama to illustrate their experiences.
11.40 Film: The Company of Wolves. Surreal horror about a teenage girl's adventures in a fantasy world of werewolves and mysterious enchanted forests. Angela Lansbury and David Warner star (1984).
1.20 Close.

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning; The Crisis Messiah. 12.35 pm Cartoon Time. 12.55 London Today; Weather.

1.00 ITN News; Weather.
1.10 Mark My Words. Actress and wordsmith Jan Harvey is joined by Mark Nyman.
1.40 Big Fight Highlights. Michael Nunn v Merqui Sosa for the WBA Super Middleweight title; Simon Brown challenges Terry Norris for the WBC Lightweight title; and Julio Cesar Chavez takes on Andy Holligan for the WBC Light Welterweight title. Jim Rosenthal introduces highlights from Mexico.
2.40 The Sunday Match. Tranmere Rovers v Crystal Palace. Matthew Lorenzo introduces live coverage from Prenton Park. With commentary by Roger Tames and Ian St John.
5.05 Highway to Heaven. Jonathan and Mark give some Christmas spirit to a miserly businessman. Emotional drama, starring Michael Landon.
6.00 London Tonight; Weather.
6.15 The Crisis Messiah.
6.20 ITN News; Weather.
6.30 SeaQuest DSV. Capt Bridger reluctantly calls in an eccentric repair man when the underwater vessel's air conditioning breaks down. Roy Scheider and John Bedford Lloyd star.
7.30 Watching Special. Comedy, starring Emma Wray and Paul Bown.
8.30 You've Been Framed!
9.00 Prime Suspect III. Helen Mirren returns as Lynda La Plante's tough female DCI. Part one of this two-part thriller sees Jane Tennison assigned to the Soho vice squad after leaving CID. With Tom Bell, Peter Capaldi and David Thewlis.
11.00 ITN News; Weather.
11.15 London Weather; The Crisis Messiah.
11.20 The London Lecture. Award-winning writer Peter Ackroyd offers an insight into the capital's influence on artists and entertainers.
12.05 Sell the World.
12.35 The Crisis Messiah; ITN News Headlines.
12.40 Film: Das Boot. Acclaimed wartime drama which follows the passage of a German U-boat on a World War Two mission. Starring Jürgen Prochnow and Herbert Gronemeyer (1981).
3.30 Get Stuffed; ITN News Headlines.
3.35 Island Son.
4.30 Coach.
5.00 Crusade in the Pacific.

CHANNEL4

6.00 Early Morning. 9.25 Wowser. 9.40 Laurel and Hardy. 9.45 Dog City. 10.15 The Lone Ranger. 10.45 Land of the Giants. 11.45 Little House on the Prairie. 12.45 pm Bush Tucker Man.

1.15 Football Italia. Action from Parma vs Napoli.
3.30 Film: The Ladykillers. Ruthless crooks meet their match when they plot to bump off a charming old landlady. Ealing comedy, starring Alec Guinness and Peter Sellers (1955).
5.10 News Summary.
5.15 High Interest. Second of a two-part programme presenting an insight into the often impenetrable world of international gem dealers. An investigation into how the recession has affected trade reveals that fewer clients are placing orders, and there is a greater air of distrust among the more competitive dealers. This film also follows high-flying young businessmen as they fly from Miami to Geneva in an attempt to revitalise their ailing companies.
6.00 Moviewatch. Reviews of American Heart, starring Jeff Bridges, and Mel Brooks's Robin Hood: Men in Tights.
6.30 The Cosby Show.
7.00 The Wonderful World of Dogs. Light-hearted documentary.
8.00 The Great Commanders. Profile of Ulysses S. Grant, a former store clerk who distinguished himself as one of the greatest generals of the American Civil War, commanding the Union army at the Battle of Wilderness before finally becoming president.
8.45 Sarajevo Diary: From Bad to Worse. For 25 years, Englishman Bill Tribe lived in Sarajevo, until the outbreak of war forced him to leave. The programme follows his return to the beleaguered city to see how the people there have fared since his previous visit in August. Part of the Bloody Bosnia Winter 1993 season.
10.00 Film: Love at First Bite. Horror spoof, with Susan Saint James (1979).
11.45 Four-Mations. Three short British animations - Ubu, Grow Up, and Pear People in a Car Race.
12.15 Film: The Night of Counting the Years. Egyptian drama about a desert dweller who faces a dilemma when he discovers the elders of his tribe have been robbing ancient tombs. Starring Ahmed Marie (1969).
2.05 The Dove.
2.20 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Help. 12.55 Anglia News. 1.10 Cartoon. 1.20 Spinning the Globe. 2.00 World Rally Championship. 2.50 Anglia Sport Special. 5.25 Bullseye Christmas Special. 6.00 Anglia News on Sunday 11.10 Anglia Weather. 11.15 Beyond Reality. 11.45 Sell the World.

BORDER:
12.30 Gardener's Diary. 12.55 Border News. 1.10 The Second Time Around. (1961) 3.05 Highway to Heaven. 4.00 Go for Goal. 4.30 Scotsport. 5.30 Sounds at the Sands. 6.00 The Border Week. 6.15 Border News. 11.15 Love at First Sight. 11.45 Sell the World.

CENTRAL:
12.30 Take 15. 12.45 Central Newsweek. 12.55 Central News 1.10 1st Night. 1.50 Big Fight Highlights. 2.50 The Central Match - Live. 5.20 Life Goes On. 6.15 Central News 11.10 Local Weather. 11.15 Bilty. 11.45 Prisoner Cell Block H.

GRAMPIAN:
11.00 Sunday Service. 11.45 Eikon. 12.00 Sunday Morning. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 1.10 Lochlann Is Salm. 1.40 The Last Starfighter. (1984) 3.20 Highway to Heaven. 4.20 Gold. 5.20 Sell the World. 6.00 Put It in Writing. 6.15 Grampian Headlines 11.10 Grampian Weather. 11.15 Lisa Stansfield: All Around the World.

GRANADA:
12.25 Granada on Sunday. 12.55 Granada News 1.10 Animal Country. 1.40 Go for Goal. 2.10 The Granada Match - Live. 5.20 SeaQuest DSV. 6.15 Granada News 6.30 Coronation Street. 11.15 Love at First Sight. 11.45 Sell the World.

HTV:
12.30 HTV News. 12.35 HTV Newsweek. 1.10 Big Fight Highlights. 2.10 Cartoon Time. 2.30 The West Match. 3.30 Call to Glory. (1963) 5.15 Movies, Games and Videos. 5.45 Anybody Out There? 6.15 HTV News. 11.10 HTV Weather. 11.15 Love at First Sight. 11.45 Wanted: Dead or Alive.

MERIDIAN:
12.30 Seven Days. 12.50 Meridian News. 1.10 Cartoon. 1.20 The Ugly Dachshund. (1966) 3.05 Cactus Jack. (1979) 4.45 Father Dowling Mysteries. 5.45 Dogs with Dunbar. 6.15 Meridian News. 11.15 A Seasonal Concert from Winchester Cathedral. 11.45 Serve You Right.

SCOTTISH:
10.15 Wemyss Bay 902101. 11.00 Link. 11.15 Sunday Morning. 11.45 Sunday Service. 12.30 Eikon. 12.40 Appeal. 12.55 Scotland Today. 1.10 Lochlann is Salm. 1.40 Hotel (1965) 4.30 Scotsport. 5.30 Laverne and Shirley. 6.00 The Box. 6.15 Scotland Today 11.10 Scottish Weather. 11.15 Sunday Morning. 11.45 Scottish Religious Debate.

TYNE TEES:
12.25 Tyne Tees News Review. 12.50 Tyne Tees Newsweek. 1.10 The Big Fight. 2.10 Highway to Heaven. 3.05 Satan Never Sleeps. (1962) 5.20 The Champions - Where Are They Now? 5.50 Tyne Tees Weekend. 11.15 Beverly Hills 90210.

YORKSHIRE:
12.25 Nawrang. 12.50 Calendar News. 1.10 The Big Fight. 2.10 Highway to Heaven. 3.05 Satan Never Sleeps. (1962) 5.20 The Champions - Where Are They Now? 5.50 Calendar and Weather 11.15 Beverly Hills 90210.

RADIO

SATURDAY

BBC RADIO 2

6.00 Paul Cola. 8.05 Brian Matthews. 10.00 Sally O'Sullivan. 12.00 Hayes on Saturday 1.30 An Actor's Life for Me. 2.00 Little and Large: Comics on Song. 3.00 Steve Race. 4.00 Jimmy James. 6.00 Cinema 2. 5.30 Nick Barraclough. 6.00 The King's Singers 25th Anniversary. 7.00 Edmundo Ros. 7.30 American Classics. 9.30 David Jacobs. 10.00 Arts Programme. 12.05 Alan Titchmarsh's Christmas Show. 1.00 Alan Dedicoat. 4.00 Paul Cola.

BBC RADIO 3

6.55 Weather. 7.00 Record Review. 9.00 An Advent Calendar. Anon, Anon arr Scheidt/Bach, Trad arr Woodward. 9.10 Building a Library. Tchaikovsky, Massenet, Rachmaninov. 12.00 Spirit of the Age. 1.00 News. 1.05 Table Talk. 1.20 The BBC Orchestras. 2.40 Holderlin Lieder. 3.35 The BBC Orchestras. 5.00 Jazz Record Requests. The music of Fats Waller. 5.45 Music Matters. The Outcome of the London Orchestras report. 6.30 Live from the Met. Beethoven's Fidelio. Sung in German. 9.30 Kraus and Mozart. 9.55 The Sandbar. Dramatic poem, by Roberta Berke. 10.20 Like as the Lute. Danyel, Dowland, Malcolm Bruno, Holborne. 11.00 Impressions. The latest jazz releases. 12.30 News. 12.35 An Advent Calendar. 12.45 Close.

BBC RADIO 4

6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 News Quiz of the Year.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Playhouse: The Pale Horse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Tea Junction.
6.00 News and Sports Round-Up.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope.
7.50 The Week on Four.
8.00 Arena Radio Night. Introduction to tonight's programmes.
8.10 The Seven Ages of Radio.
8.20 Radio Rabbit, TV Talk.
9.00 Heard But Not Seen.
9.05 Back to Square One.
9.35 Sunday Dinner.
10.00 Pirates. Radio piracy.
10.25 TV Theft, Radio Rip-Off.
11.00 The Spot FX Man.
11.30 The Ride.
11.00 The Time Signal.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Hopalong Cassidy.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
6.06 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 The Way Out.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHz (463m) at these times GMT:
6.00 News; British News; The World Today. 6.30 Europe Today. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Round-up. 10.00 Printer's Devil; Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith; Multitrack Three. 12.45 Sports Round-up. 1.00 Newshour. 2.00 News Summary; John Peel. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; British News; BBC English. 4.30 Heute Aktuell: News in German. 5.00 News Summary; Sportsworld. 5.30 BBC English. 6.00 Newsdesk. 6.30 Heute Aktuell: News in German. 7.00 Nachrichten: Weekend Feature. 8.00 News; Words of Faith; Personal View; Jazz For The Asking. 9.00 Newshour. 10.00 News; British News; Meridian. 10.45 Sports Round-up. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 The John Dunn Show. 1.00 News Summary. 1.01 Play of the Week: Lord Arthur Savile's Crime. 2.00 Newsdesk. 2.30 The Divine Supermarket. 3.00 News; British News; Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News; Coast To Coast. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

7.00 Don Maclean. 9.05 John Sachs. 11.00 Holly at Christmas. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Sing Something Seasonal. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Alan Dedicoat. 3.00 Alex Lester.

BBC RADIO 3

6.55 Weather. 7.00 Sacred and Profane. Haydn, Britten, Bach. 9.00 An Advent Calendar. Gibbons, and Trad arr Vaughan Williams. 9.10 Brian Kay's Sunday Morning. Rimsky-Korsakov, Handel, John Foster, Coleridge-Taylor, Schubert, Stravinsky, Mozart, Kraus, Britten, Cererols, Strauss, Brahms, Handel, Ibert, Respighi, Charpentier. 12.15 Music Matters. 1.00 News. 1.05 The Sunday Concert. 2.40 Celebrity Recital. Debussy, Brahms, Poulenc, Schumann, Lovreglio, Weber. 4.25 Brahms. 5.45 Making Waves. 6.30 Grieg and Barber. 7.30 Sunday Play: Napoli Milionaria. By Eduardo de Filippo. 9.40 Music in Our Time. Loevendie and Louis Andriessen. 10.40 Choir Works. Bach. 12.30 News. 12.35 An Advent Calendar. Broadcast earlier. 12.45 Close.

BBC RADIO 4

6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm. Reindeer in the Cairngorms.
7.40 Sunday.
8.50 The Bishop of Bath and Wells speaks on behalf of the Carr-Gomm Society.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 Mediumwave.
11.45 Four Corners.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: Zorba the Greek. By Nikos Kazantzakis.
3.30 Pick of the Week.
4.15 Analysis.
5.00 Looking For An Old England.
5.30 Poetry Please!
6.00 News.
6.15 Feedback.
6.30 Europhile.
7.00 Taking the Plunge. A man who started a new life in America.
7.30 Devout Sceptics. With John Cleese.
8.00 Two People.
8.30 Reading Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 The Memoirs of Sherlock Holmes. The Naval Treaty, by Sir Arthur Conan Doyle.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As BBC World Service.

BBC RADIO 5

6.00 World Service.
6.30 Weekend Edition.
9.30 Frankie's Monster.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Simon Fanshawe's Sunday Brunch.
2.00 Writers' Weekly Special.
2.30 Sporting Albums.
3.00 Sunday Sport.
6.00 The Eagle Dares.
6.30 Education Matters.
7.00 Sportsdesk.
7.15 Money Talk.
7.45 In Other Words.
8.00 Italianissimo.
8.30 Make German Your Business.
9.00 Restart French.
9.30 Black Museum.
10.00 Sportsdesk.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHz (463m) at the following times GMT:
6.00 News; British News; Printer's Devil. 6.30 Jazz For The Asking. 7.00 Newsdesk. 7.30 From Our Own Correspondent; Write On. 8.00 News; Words of Faith; Ray On Record. 9.00 News; Business Review. 9.15 Short Story: Face The Fiddler. 9.30 Folk Routes. 9.45 Sports Round-up. 10.00 News Summary; Science In Action. 10.30 In Praise of God. 11.00 Newsdesk. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 News Summary; Play of the Week: Lord Arthur Savile's Crime. 1.00 Newshour. 2.00 News Summary; Heritage. 2.30 Anything Goes. 3.00 News; Concert Hall. 4.00 News; British News; BBC English. 4.30 News in German. 5.00 News; Business Review; BBC English. 6.00 Newsdesk. 6.30 News in German. 8.00 News; Words of Faith; Folk Routes. 8.30 Europe Today. 9.00 Newshour. 10.00 News; British News; Meridian. 10.45 Sports Round-up. 11.00 News; Business Review; Ray On Record. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; Christmas Turkeys. 1.45 Capriccio. 2.00 Newsdesk. 2.30 Composer Of The Month: Leonard Bernstein. 3.00 News; British News; Sports Roundup. 3.30 Anything Goes. 4.00 News; Images of Britain. 4.30 BBC English. 4.45 News and Press Review in German.

CHESS

The newly issued FIDE rating list contains an impressive array of countries but, on closer inspection, most of the top names are former Soviet grandmasters who have spread round the globe. FIDE continues to exile Gary Kasparov and Nigel Short from the rankings as punishment for their role in the breakaway PCA.

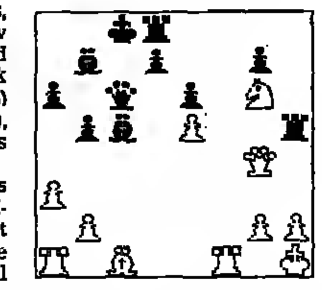
Allowing for Kasparov and Short in their true positions, the list is headed by Kasparov (2,800), Karpov (2,740), Anand (2,715), Ivanchuk and Kramnik (2,710). Short is No 11 (2,675) and Michael Adams 14 (2,660), while Judit Polgar (2,630) is just below the top 20 men.

Short, Adams, and India's Vishy Anand are the only realistic rivals to the ex-Soviet phalanx. This could blight the PCA's plans for a professional circuit on the model of tennis and golf, sports where many top players are Americans or west Europeans.

This week's game is from a rare UK success in Italy where Tony Kosten outpointed two Ukrainian GMs (A. Kosten, White; J-P. Mailfert, Black; Citta di Asti 1993).

1 c4 c6 2 e4 d5 3 cxd5 cxd5 4 exd5 Qxd5? Better is Nf6, avoiding loss of time with the queen. 5 Nc3 Qd6 6 d4 Nf6 7 Bc4 e6 8 Nf3 Be7 9 0-0 0-0 10 Qe2 Nc6 11 Rd1 Nb4 12 Bg5 Nbd5 13 Ne5 a6 14 Rac1 Rd8? 15 Bd3 Bd7 16 Nxd5 Nxd5? Black has weakened the flash-point squares f7 and h7. 17 Bxh7+! A familiar winning tactic. Kxh7 18 Qh5+ Kg8 19 Qxf7+ Kh7 20 Rd3 Bxg5 21 Rh3+ Bh6 22 Rxh6+ Resigns.

Chess No 1,000



Neil Carr, a leading City expert, had this position as White (to play) twice within a few months. 1 Qxb5? fails to Qxg2 mate. Carr v. Hartston went 1 Bg5? and the reply forced White to resign. Then, in Carr v. James, he played an improvement and Black resigned. Can you explain?

Solution Page XVIII

Leonard Barden

BRIDGE

My hand today, which comes from rubber bridge, shows excellent card reading and brilliant technique by the declarer. Let us study Royal Abdication:

N
♠ 9 5
♥ 8 3
♦ J 7 3
♣ A K J 9 8 5

W
♠ 2
♥ 7 4
♦ Q 10 9 8 5 4 2
♣ 10 7 2

E
♠ K Q J 10 8 7 3
♥ 6 5 2
♦ —
♣ Q 6 4

S
♠ A 6 4
♥ A K Q J 10 9
♦ A K 6
♣ 3

With North-South vulnerable, South opened with two clubs, North gave a positive response with three clubs. East bid four spades. This could have been doubled and set four tricks, but South jumped to six hearts closing the auction.

West led the spade two, an obvious singleton and declarer had to win East's knave with his ace, because he was in a suit contract. Had he been in no trumps, he could have ducked the first trick, and played for a double squeeze. He drew three rounds of hearts. East followed three times. Then South cashed the diamond ace and East showed out. The voyage of discovery was over - South knew that West had seven diamonds and three cards in the majors, and that East had 10 cards in the majors and no diamond. Both opponents held three clubs. But who had the queen? If West holds it, a simple finesse lands 13 tricks; if East holds it, he can be subjected to a squeeze and endplay. How can South know the winning line?

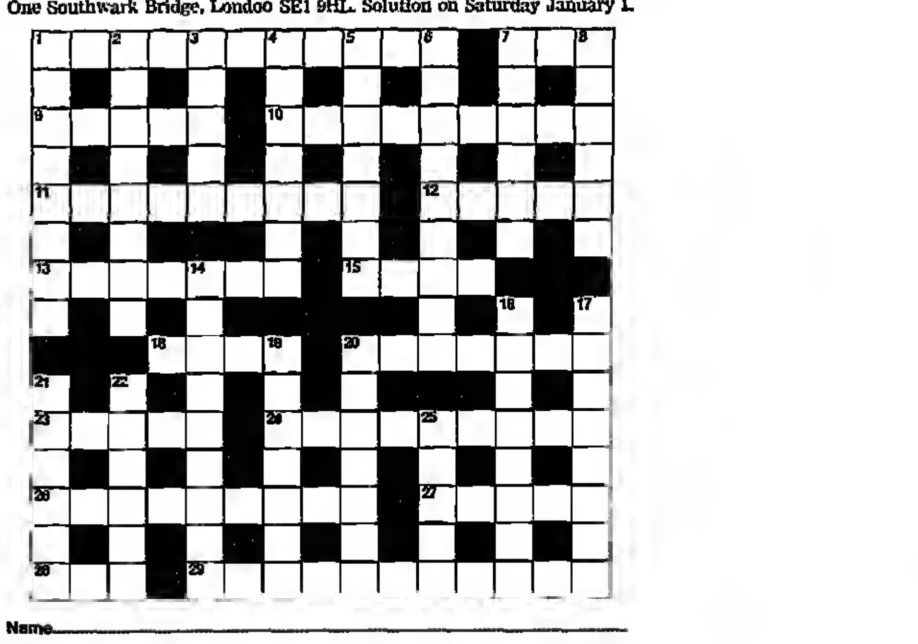
Declarer found the winning line. At trick six he led a club to the ace, followed by the king, on which he discarded his diamond king and ruffed a low club, knowing the queen must fall. He led a diamond to West's queen. The forced diamond return allowed dummy to score two knaves, on which South disposed of two spade losers. Slam delivered.

E.P.C. Cotter

CROSSWORD

No. 8,335 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday December 29, marked Crossword 8,335 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 1.



Name.................................

Address..............................

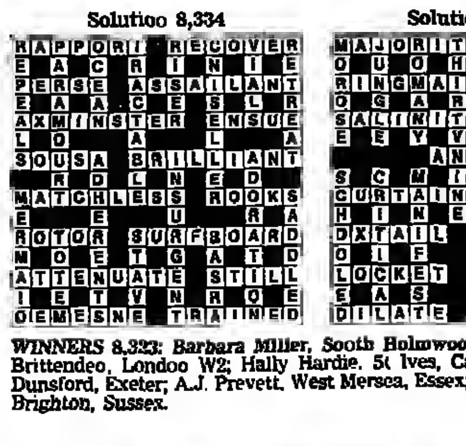
ACROSS

1, 29 1 can turn to at last, maybe blushing for being short of money (11,11)
7 and 28, 20 across Cry of relief heard on airman's return: gamble on tiny little number, not many at all (3 and 3,7)
9 Maybe early person with vertical object (5)
10 Close fitting - short of money and unwilling to give it, telescoped (4-5)
11 Clean around a little way that leads to the drain (5-4)
12 Saint may get out of safe (5)
13, 15 See 27
18, 8 Divers needed for mysterious situation or shortage of money? (4,6)
20 See 7 across
23 Coins for plate (5)
24 Moved into form of tithe for this century (9)
26 Exaggerated, being short of money (9)
27, 13, 15 Verne's work has new title "A bed is wanted" - the word's taboo (5,3,2,4)
28 See 7 across
29 See 1 across

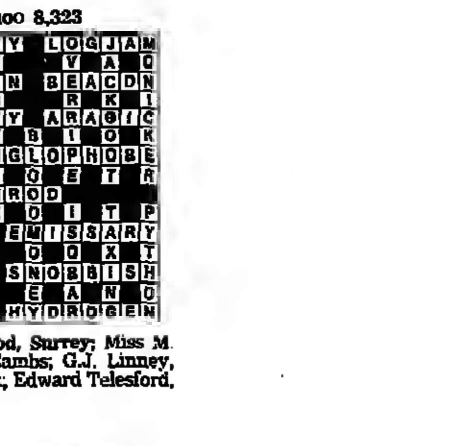
DOWN

1 Have a high standard of living at last? (8)
2 Home (birds") arranged in two sets (4,4)
3 Verne's work, "Bottle"? (6)
4 Influence for good in part of church (7)
5 Dallies, changing its role (7)
6 Trace of abominable character: I'm publishing just the same (4,5)
7 Lack of air first leads to thematic style (6)
8 See 18
14 See 21
16 Substitute players useful when short of money (8)
17 Blushing, being short of money (8)
19 Plate broken by doctor in Mary's company (3,4)
20 Gunner's pass? (7)
21, 14 Lofty hen, half fed, inclined to lose its rag (3,3,3,6)
22 A soft fruit, look! (6)
25 Friendly spot in Hatton Garden (5)

Solution 8,334



Solution 8,323



WINNERS 8,333: Barbara Miller, South Holmwood, Surrey; Miss M Brittendeo, London W2; Hally Hardie, St Ives, Cambs; G.J. Linney, Dunsford, Exeter; A.J. Prevett, West Mersea, Essex; Edward Telesford, Brighton, Sussex.

Rugby award causes Commons ruck

***Dominic Lawson** finds that when there are prizes to be handed out, controversy is not far behind*

"Mnmmy," says Deirdre Rawley to her mother, Lady Mortlake, "I wish yon wonldn't encourage Michael with his political career. I'd so much rather he did a joh of work!" This characteristic piece of wit from John Oshorne's eminently revivahle play, *The World of Paul Slickey*, came snhversively to mind as I read yesterday's *Daily Telegraph*.

According to the chronicle of all that is most peculiarly English in the English way of life, no fewer than 16 members of parliament had signed a House of Commons motion complaining that the British Broadcasting Corporation had made England's rugby union players "team of the year".

There might be hntchery in Bosnia, mass unemployment throughout Europe and a fascist about to seize control of Russia, hut we can trust British MPs to get agitated about the things which genuinely matter. The motion, drawn up by Labour members, went on to ask why "more appropriate contenders" were overlooked.

Apparently, some of the honourable members felt strongly – the only way in which they do feel things – that the England World Cup-winning women'a cricket team shonld have been given greater consideration. Still, I suppose we should be grateful that the motion was not drafted hy loyal Conservative MPs: they would probably have nominated the Cabinet.

All this, however, paled in comparison to the fuss stirred up in the tablold newspapers last week over something called the British Comedy Awards. This event, held at the Dorchester hotel – how very pleasant – at the end of November, gave the supreme accolade of "top TV comedy actor" to Rik Mayall. Bnt, according to the front pages of several of the UK's most successful newspapers, the award was a fix.

Mayall's name, they claim, was not even on the shortlist of candidates, which consisted of people with real names like David and Richard and Michael and Neil. It was "a scandal", declared *The Sun*, and others seemed to agree.

Hardly a week goes by without a pnhlic debate over one award or another. Typically, these awards are made by a group of people in one husiness to another in the same line of work. They are simply a good excuse for a large number of cronies to have a seasonal bash at the Dorchester at somebody else's expense. Members of the publishing, newspaper and television industries, masters of the expense account life, are particularly keen on this sort of thing.

Such events should be of no concern to the public who are, quite reasonably, excluded from these Masonic gatherings. In the case of the BBC team of the year award, the business is not even settled by a ballot but decided by executives. The MPs should mind their own business – or start up their own award, which they could give to the English women's cricket team.

It is remarkable, though, how steamed up outsiders do get about awards. The Booker literary prize never manages to create anything less than a full scale controversy. But it is just a handful of writers trying to do a favour to a friend in need. The amount of money involved is usually less than the advance which the winner received for his work. long before it was known to be any good.

The most lncrative of all the awards, and perhaps the one which started all the rot, is the Nobel prize. Each of those is worth £100,000, tax free. No wonder people become jealous, or outraged. The British complain bitterly that Graham Greene or Anthony Burgess never won the prize for literature, and moan incessantly when it is handed to a succession of third world anthors, few of whom write in God's own language.

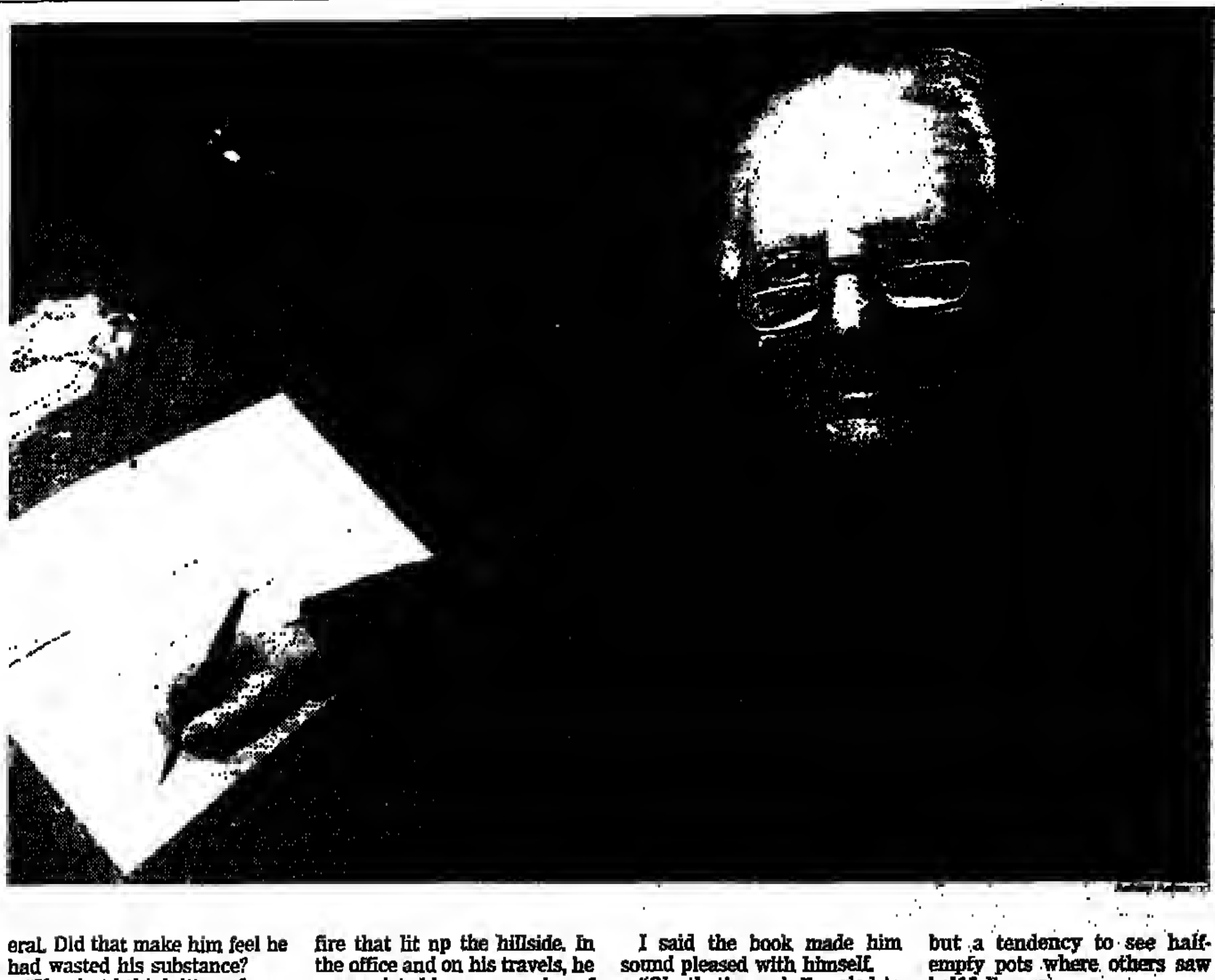
But why should we care which obscure Egyptian poet was the compromise choice of a panel of six senile Swedes? If the trustees of the estate of the man who founded the modern explosives industry wish to spend the income from Alfred Nobel's bequest in all manner of idiosyncratic ways, let them.

Meanwhile, the UK's elected representatives should find other ways to occupy their time. I refer back to John Osborne's brilliant play. In answer to Deirdre's "I'd so much rather he did a proper job of work!" Lady Mortlake remarks: "I suppose he could take a few directorships." Deirdre: "But darling, that wouldn't keep his 'mind' occupied."

■ *Dominic Lawson is editor of The Spectator*

Private View / **Christian Tyler**

A dreamer with designs on life



Their work is all around us but we never know their names. They shape everything we see, from soap trays to shopping arcades, and leave behind no mark, no signature. These anonymous people are called designers.

Who, for example, created the plastic shades that pull down over aircraft windows? Or the tree walk in Battersea Park? Or the superstructure of the *QE2*? As it happens, the answer to all these questions is James Gardner, a man known to his friends as "G" and to the rest of his countrymen... hardly at all.

Gardner has been designing things for more than 70 years. At the age of 15, he was at Cartier's studio in London's Bond Street working on a tiara for opera star Dame Nellie Melba.

At 86 – which he will be in 11 days – he is doing a visitor centre for Stonehenge, a warfare museum for Hartlepool and an archaeological park for the Israeli desert.

"I'll be about 90 by the time it's finished," he said. "So I'd better put ramps in, hadn't I."

When I asked him why designers in Britain were invisible, he said it was because they were not regarded as "professionals". They were seated always at the bottom of the table.

Things are different abroad: arriving once in Sweden by boat, he found cameras at the quayside. "I thought it was some politician or starlet going ashore. I went down and it was me they were taking!"

The English were more literary than visual and were mentally anarchic and lazy, he said. They took their gifted Renaissance children and taught them to suppress their physical and visual senses. Gardner says he escaped. "Education didn't touch me. I just ignored it. I was completely unteachable."

Were you bolshie?

"No, not particularly bolshie, just not interested. So the childish part of my brain still remains, you see. Directly I left school, I started reading and studying the books I didn't want to read at school."

You knew you could draw and that was enough?

"That was my way out, you see – an easy way out. The teachers were enemies in a sense, actors who knew the lines when I didn't. I wasn't all that interested in the play, anyway."

He was born a spectator and recorder. "Scientists may classify me as *homo sapiens*. I'm not at all, really. I'm a chap from another planet and I've been sent here as punishment." He chuckled. "I'm very much a loner."

Does loner mean lonely?

"I don't have any close relationships but I deal with quite a lot of associates. And I find... I'm not very fond of myself as a person and I don't want to sit down and examine my navel and get introspective. So I work. And I just work. That's it."

James Gardner's 70-year career began with Nellie Melba. Now he is working on Stonehenge

What is it about yourself you don't like, then?

"Goodness knows. Never did." He gave a nervous laugh. "A lot of people are like this. It's a Calvinist thing, an inborn sense of guilt or something. I've got to work to justify myself, all the time."

Idleness is the great sin?

"Yes. People say 'what do you do for your leisure?' and I have to think: er... I look on leisure as a sort of retirement on the instalment plan."

You never wanted to retire and sit in the sun?

"Oh lord, no! I can understand other people doing it, just as I see walruses doing it on the beach."

Despite his obvious facility with pencil and brush, Gardner says he never wanted to be an architect or painter. He disparages architects who consider themselves intellectuals but forget for whom buildings are built.

What do you mean by intellectuals? "I put it this way. The world is populated by two kinds of people: the yakkers or talkers, and the doers. And I think the talkers can get dominant and then the doing goes wrong – for example, the Bauhaus in Germany."

Commercial art was not a poor relation: it just had different objectives. When he was a student, it was a blossoming industry and art with a capital "A" was for people with rich uncles or a bit of money.

"I didn't have either. But I've never had an aim to express myself. I'm given a problem and I try and solve it – a ship or a museum. Give me a blank bit of canvas and I'm at a loss."

His secret, he said, is visualisation. "I've practically got a photographic memory, to start with. You give me a problem and I can build a model in my head, almost instantaneously. The whole thing is real in my head, as you might get in a dream. Then I translate that onto the drawing board.

"When I hit problems of mechanics and technology, I ask experts, or experience teaches me. Then I'm able to translate it into 3-D again."

Gardner progressed from advertising and product design to exhibition work. During the second world war, he translated ticker-tape reports into battle-scenes for the *Daily Express*, then found himself in the deception and camouflage game building pneumatic tanks, artillery pieces and landing craft to fool German intelligence, and an exploding bicycle pump to cheer the French Resistance.

His experience of fairs and exhibitions led to the "concept museum" of which he was a pioneer, replacing the traditional glass-case hall with the one-way circulation system "where people go in one end and come out with different ideas at the other".

Among the many was the Museum of the Diaspora in Tel Aviv and (on a related theme) the Museum of Tolerance in Los Angeles. He is most proud of his national museum of natural science in Taiwan, the story of man's evolution seen through his (Gardner's) eyes.

But much of his large output had, of its nature, been ephemeral. Did that make him feel he had wasted his substance?

"Yes, but I think it's as far as one can go in modern society. I don't think the real is very acceptable. The only time people are interested in the past is where they go through the portals of a museum. The rest of the time, they're just running around like rabbits and not really thinking at all."

Gardner is an individualist, but with two personalities. The one I met tended to the gloomy. The other, portrayed in his recent autobiography *The Artful Designer*, is boisterous, quirky and irreverent.

His father was a travelling salesman in ladies' hats, his mother the Belle of Tunbridge Wells. She died from a clot on the brain while cutting the bread for breakfast one morning. The boy was only 14, did not get on with his stepmother and went out into the world.

He married Mary Williams, a goddess he met behind the counter at Selfridge's in London's Oxford Street. She was pregnant by a Spanish salesman and "G" agreed readily to become her husband, and father to the twin boys. But the long marriage was dull, he said.

When his wife died, he disposed of the house. What could not be sold or given away, he heaped into a sacrificial bonfire that lit up the hillside. In the office and on his travels, he was assisted by a succession of pretty secretaries named, collectively, "Mehitabel".

Despite the book's apparent hints to the contrary, he assured me they were not mistresses.

I said the book made him sound pleased with himself.

"Oh, that's good. I'm glad to hear that. People have told me it's a very cheerful book whereas I tend to be, frankly, rather a morose character. Anyway, I kid myself I am." It was not black moods, he said, but a tendency to see half-empty pots where others saw half-full ones.

I asked: where does the moroseness come from?

He pondered. "I think that I was rather over-idealistic when I was a youngster. And you find that everything flattens out and things just don't happen.

"I thought we were going to improve Britain's appreciation of design, hut it'a very difficult to get in under the British and change them. They've got this inertia that goes way hack. And it's disappointed me, really. I feel we're not getting anywhere.

"You ask most people what will happen in their countries in five or 10 years and they'll give you an answer. But, in England, no one's got a clue. It's rather a poor show for a nation with our terrific past."

With the Roman senator and the Japanese samurai, the English Gentleman ("who's quite bogus really: he had to behave because of the servants") was one of the great creations of history. His taste, manners and literature had been copied the world over.

"Then two wars partly did it – and we went flop. I feel I'm living in a flop period. That's what makes me slightly sad about things."

Your book offers no conclusion about your life, I said. What would it be?

"What am I doing here? This complex of electrons and molecules all buzzing like mad and keeping me up on my two legs. What's it all for?

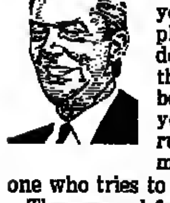
"There's an over-developed brain which invents a purpose, whereas probably the football fans have got it right when they sing 'We're here because we're here because we're here.'

"At the end, all my *confrères* are either retired or dead and I'm still at it. So, I rather feel like doing a snook at life and saying 'Anyway, I'm still doing it.'

"That's about *it*, actually."

English yes, French non

Michael Thompson-Noel



I feel sorry for the French. I know that will provoke you because nobody on the planet, so far as I can determine, remotely likes the French. They have the best country in the world, yet their arrogance and rudeness serve as insurmountable barriers to anyone who tries to like them.

The reason I feel sorry for the French is that their efforts to protect their culture from American crap, pap and rubbish are doomed to failure, at least temporarily. True, the exclusion of films and broadcasting from the Gatt agreement on world trade liberalisation has heen hailed hy French politicians as prefacing victory in their struggle to stop Hollywood's moguls annihilating Europe's film industry.

But Europe's "victory" will prove hollow. Eventually, Hollywood will get its way. Technological developments in the global media marketplace are moving at such gigantic speed that efforts to preserve "cultural identity" by propping up regional film industries will not prevail.

The glohal village is a reality. As a result, the future is streaming into our homes and lives in a great sun-burst of particles.

For a while, Hollywood will hold sway. American audio-visual products will indeed rule the airwaves. Our lives will seem ever more coarse. We may get quite desperate. And we shall feel immeasurahly sad as the French film industry topples into the gutter.

I love French movies. But I also love Australian movies, Italian movies, British movies, Spanish movies – movies of wit, distinction and sexiness from anywhere on earth, Hollywood hy no means excluded. I expect I would even enjoy Welsh movies if that grey little region ever stopped whinging, actually got its finger out and did something constructive to endear itself to the rest of us.

In London, according to listings in *Time Out* magazine, there are 27 American films on current release against eight British and two French. (I am not counting co-productions. *Orlando*, for example, a most enjoyable film, is listed as a British-Russian-French-Italian-Dutch co-production).

HAWKS & HANDSAWS

The preponderance of American films on show in London no doubt justifies film-makers' accusations of US cultural imperialism.

But there is one development to come that, in the fullness of time, will rescue regional film-making and deal Hollywood a hlow. It is this: the French and all the rest – China, perhaps, excluded – will make their films in English. They will do this because English is what they will speak.

You don't have to be a genius to see that the main reason why the French at present capture only the tiniest fraction of ticket sales in US cinemas is hecause they film their movies in *French*. Americans don't speak French. And they cannot struggle with suhtitles.

This is not hecause they are thick – well, not *exclusively* because they are thick – hut because cinema audiences in the US cannot be expected to watch the screen and read suhtitles while at the same time consuming immense quantities of food and Coke.

It shocks me that so many French people do not yet speak English. When did you last meet a German who did not speak English? Or a Scandinavian? Or a member of any number of forward-looking nations? When I visited the Norwegian emhassy in London 10 days ago to berate them for their whaling, do you imagine we spoke Norwegian?

I was confronted by the phenomenon of non-English-speaking French people last April in Paris when attemoting to find my hotel in the middle of the evening rush-hour. I was sitting in my car – traffic was at a standstill – when, from a passageway to my right, a Parisian shot out in a large, yellow Citröen, halting his vehicle only 1.5 mm from the side of my car.

I looked at him aghast. And then I started shouting. "Have you the remotest idea what this car *is*," I screamed. "This car is a *Rover*, a noble and lineal descendant of the Spitfire aircraft that helped cleanse your skies and save you from the Hun.

"How *dare* you hurtle that heap of lemony metal virtually into my side. Are you completely mad? You look hopelessly mad to me." I kept this up for three minutes. Stonily, he stared. It dawned on me that he was equipped with not a word of English.

The French have got to get real, starting with their movies. They must ditch their dead language. The sooner they switch to English, the sooner they can play a rôle in zapping the Hollywood moguls.